Our Future : ABUNDANCE OR ANNIHILATION ?

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by

Lawrence Benjamin

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Part I

THE TWO CONFLICTING "WAYS" TODAY OPERATING IN THE WORLD

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Printed by D. P. Sinha at New Age Printing Press, 6|4, Asaf Ali Road, Delhi and published by him for People's Publishing House, Ltd., New Delhi.

This book investigates :

THE TWO CONFLICTING "WAYS" TODAY OPERATING IN THE WORLD :

1. PLANNING FOR LIFE

2. PLANNING FOR DEATH

Part I

THE TWO CONFLICTING "WAYS" TODAY OPERATING IN THE WORLD

Part II

PLANNING FOR LIFE

Part III

PLANNING FOR DEATH

ERRATA

p. 29, lines 12-14 should read :

1929—1938 the Great Slump and pre-War period
1939—1945 the War period
1946—1949 the immediate post-War period

p. 193, line 2 should read :

it will be remembered, at Teheran at the end of .....

By the same author:

Distribution in the Transition Stage to Socialism
with Foreword by Sir Stafford Cripps
(Gollancz, 1934)

The Position of the Middle-Class Worker in the Transition to Socialism
(The Labour Party, 1935)

What Socialism will Really Mean to You
(The Labour Party, 1935)

FOREWORD

This book was completed, more or less as it stands, at the end of 1953, and, on account of various delays, did not begin to go to press till the early summer of 1954. At that time the full industrial production figures for 1953 for all the countries considered in the book had not come in. So, in the various tables, rather than leave the figures for the last year given (from which the final results will be measured) with those of some countries in, some out, we decided to close our production tables with the year 1952, for which we then had the full figures. In certain places, where further figures became available before going to press, we have added the 1953 figures in foot-notes.

In any case, as far as these figures are concerned, the main aim of this book is not to provide the very latest stop-press production figures (how could any book do this for more than a few weeks after its publication at best?), but to explain *fundamental economic trends through a series of production figures.* For this purpose the addition of one or two years to the main stream of figures (provided these series of figures sufficiently demonstrate those fundamentals) will have only a secondary importance. Readers will, I know, end by understanding this fact. But it may help them also to have it pointed out beforehand.

Here is the appropriate place also to indicate that the writer of the book is a former member of the British Labour Party, who feels compelled to write as he does in the service of two super and over-riding patriotisms—truth and world peace.

Bombay, May 1954.

LAWRENCE BENJAMIN

Later

Just before the final publication of this work, there seems some prospect of a *lessening* of the 'cold war'. This lessening of the cold war by no means invalidates the necessity of this book. For it treats with the *reason* of the cold war and how to eliminate it altogether.

L. B.

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1.

THE BASIC PROBLEM OF OUR TIME INDICATED

TAKE a look at the world today.

In the well-developed and advanced capitalist societies such as those of the west of Europe, North America, and Australasia, the two principal social evils, from which the majority of people in those countries suffer, are:

(1) Periodic Slump
(2) Recurrent War.

In feudal countries and primitively developed capitalist societies, such as we have in the Middle East, India and Pakistan, South Eastern Asia, the East Indies, most of the States of South America, and in the colonies of Africa and the West Indies, the two main social evils, which burden the lives of the great masses of those peoples, are:

(1) Perpetual Poverty
(2) Recurrent War.

Slump conditions in the advanced capitalist countries throw the masses of the people in those countries, for the period of the slump's duration, into something of the condition of poverty which is perpetual amongst the masses of the peoples of feudal and primitive capitalist societies.

Are these respective conditions permanent for those respective peoples in both cases? Must perpetual poverty or, at

best, periodic poverty, together with recurrent war, continue forever to be the lot of the masses of the people who inhabit the two-thirds of the world indicated?

Is it inevitable that we must *always* have poverty with us? Is the periodic recurrency of war inevitable?

If so, with the mass-life-extinction weapons becoming ever more rapidly more perfected, what a poor outlook for the future of the human race! For the masses, periodic and perpetual poverty in peace and mass-slaughter in periodically recurrent war! What a jolly future for the people of the world to look forward to! A world with ultimately *no future* for the human race!

Is this all unalterable, inevitable?

As it is, there are millions of people who think all these three conditions inevitable. Millions in the feudalisms and primitive capitalisms think perpetual poverty inevitable. Millions in advanced capitalisms think that periodic poverty (i.e., slumps) are inevitable. And millions in both of these economies think that war is inevitable.

Happily for both us and them and our children, they are mistaken. Their surmise is erroneous. The truth is better than they think. None of these social evils is inevitable.

How do we know this?

Why, because the advanced capitalisms were formerly feudalisms and primitive capitalisms in which perpetual poverty was the rule. These feudalisms and primitive capitalisms raised themselves out of social and economic conditions in which the masses eked out their total lives in perpetual poverty, to another social and economic condition in which the descendants of the same former masses passed their lives in conditions of merely periodic poverty (i.e., slump conditions in which periods of poverty alternated with periods of a low state of sufficiency). That, at any rate, was an advance. It showed that, by changing the economy of the feudalisms and primitive capitalisms to that of advanced capitalism, overwhelming poverty for the masses, instead of being permanent, could be cut down to being periodic. Thus, under the changed economic conditions, a certain sufficiency at a low level could be arranged for the masses for periods in between the overwhelming poverty periods, which were now

periodic and not perpetual. This demonstrated that, by making certain social and economic transformations in the structures of the former societies, it was possible to stop poverty for the masses from being permanent, and to make it instead merely periodic—operating at times only. *And this, of course, proved at least that perpetual poverty for the masses was not and is not inevitable.*

Since this has been established, further proof has been forthcoming that periodic poverty for the masses *is also not inevitable;* that, instead of a society which, proceeds with periodic slumps (i.e., in which periodically, after a term of advance, production halts and goes backward), it is possible to have a society which proceeds *without slumps,* in which its production goes on *constantly increasing.* That is, a still further type of transformation of the social and economic structures of existing societies (whether feudal, primitive capitalist or advanced capitalist) has been found to produce this result. In societies having made this further transformation, both perpetual poverty and periodic poverty (with slumps) disappear and are replaced by a society *in which the standard of living for the masses constantly increases. This has proved that for the masses, not only perpetual poverty, but periodic poverty, in fact, poverty altogether, is no longer inevitable.*

And what about recurrent war? What about war being inevitable?

War is the culminating process of what happens in societies in which great wealth and great poverty dwell side by side. In this case production, instead of being distributed fairly evenly over, and nourishing, the whole social body, forms great clots and surfeits in parts of that body, while other portions are deprived of sufficient for nourishment. This eventually causes either the organism to break down internally or, in lieu of this, to run amuck—i.e., externalising its problem, it blames some other organism for its own ills, and is always planning to go and have a bash at "the foreign enemy".

Of course, we don't mean this here as a proof. Merely as an analogy. The roots of war, which are so closely allied to the roots of poverty, will be examined in fuller detail later.

Now let us review our previous findings.

We said that in feudal and primitive capitalist societies the two chief social evils, with which the masses in those societies are afflicted, are:

(1) Perpetual Poverty
(2) Recurrent War.

We also said that in advanced capitalist societies the two main social evils, from which the masses in those societies suffer, are:

(1) Slumps (Periodic Poverty)
(2) Recurrent War.

We then went on to say, and partly to show, that none of these three social evils:

(1) Perpetual Poverty
(2) Slumps (Periodic Poverty)
(3) Recurrent War

is inevitable. That, just as *a certain economic transformation of society* can alleviate permanent poverty for the masses into becoming for them merely periodic poverty, so *a further economic transformation of society* can wipe out poverty from them altogether.

How do we know it can?

Because over large sectors of the earth this has already been achieved, and it is also going ahead at great pace in further large other sectors.

Then, why haven't we heard of it?

Because the news of this remarkable achievement is being wilfully and purposely kept from us. All the facts of its constructive operations and activities are being knowingly withheld from the masses in those countries in which poverty, perpetual or periodic, operates, and a great twisted smoke-screen is being put over the whole of that remarkable achievement and its increasingly astonishing results. So that, while it is going ahead in other large sectors of the world with great success and enthusiasm, only a small number of people in those countries in which poverty is perpetual or periodic get to know anything about it.

Why?

Because if the majority of the people in those countries did get to know the truth about it, the present powers in control of their lives would drop out, would lose their power, and poverty, slump, and war would be superseded by a constantly increasing standard-of-living for the masses of the world's people and peace all over the earth. That is the last thing *they* (those powers) want. But it is what *we* want.

This is too good to be true, you say. It is as beautiful, but as impossible as a fairy tale.

Very well, it is a fairy tale—but one *that is true,* one that *we can fashion and make true for ourselves.* And in what follows we shall prove it.

All we ask from you is your serious attention for this purpose, which is, as you must recognise, one of the most momentous with which the human race has ever been confronted. For this purpose is to understand the basic problem of our time—i.e., how our worst social evils:

(1) Poverty, Permanent and Periodic
(2) Recurrent War

can today be superseded by:

(1) a constantly increasing standard-of-living for the masses of the world's people
(2) permanent peace for all the peoples of the earth.

2.

THE MAIN TABLE AND WHY IT IS NECESSARY

In the interwar period the League of Nations published a *Monthly Bulletin of Statistics,* giving outstanding statistical data for practically all the main countries of the world. Among the main subjects covered were gold stocks, trade, production, prices, employment, and unemployment. One of the most valuable and interesting sections was that devoted to the industrial production of the various countries. This section started by considering industrial production as a whole for all countries. It then went on to give production details of the various main industries of which the whole was composed: engineering, investment goods, motor-cars, textiles, coal, steel, and so forth. The League statisticians developed the method of turning all production figures into index numbers or indices. The production quantity of each country was given the index number of 100 for a specific year, and its production up or down was measured in subsequent years in percentages from this specific year. It thus became easy to trace the industrial productional evolution of each country from the index year in question. Following 1929, when the world slump started, the League of Nations made 1929, the last pre-slump year, its index year. That is to say, in the League of Nations' figures, 1929 = 100 became the basis of industrial productional measurement, both over the whole of industry and in individual industries, for all countries. That meant that every country's industrial production in 1929 was given the index of 100. If its production went up 5% of this in 1930, its index would be shown as 105 for 1930. If, in the following year, its production dropped 7% below its 1929 level, its index for 1931 would be shown as 93. Thus, by this method, it not only became possible to view the production progress of any one country from 1929 onwards, but to compare the industrial progress of different countries over the same period. And, because the League of Nations also developed a very neat and clear way of printing *all* the industrial production figures of *all* the 25 countries which contributed figures *on one page,* it thus made it possible to compare the industrial progress of

all these countries with one another over the period in question. For instance, in 1939 it was thus possible to compare the industrial productional evolution of all these 25 countries through the 10-year period, 1929-38. Here are four consecutive countries, which we take from a 1939 number of the League of Nations' *Monthly Bulletin of Statistics* as an example:

INDEX NUMBERS OF INDUSTRIAL PRODUCTION, 1929-1938

1929 = 100

Period	Poland	Rumania	United Kingdom	Sweden
Average 1929	100.0	100.0	100.0	100
1930	88.0	96.9	92.3	103
1931	76.7	102.1	83.8	96
1932	62.5	88.5	83.5	89
1933	68.7	102.6	88.2	91
1934	77.3	123.9	98.8	110
1935	83.3	122.1	105.6	123
1936	92.5	130.0	115.8	135
1937	108.6	131.7	123.6	149
1938	118.0	...	115.5	146

Now that the League of Nations is defunct and has, one might say, been superseded by the United Nations, the latter body has been aiming to carry on this tradition. The centre has been shifted from Geneva to Lake Success, outside New York. Much else has been altered. The format of books has changed. Though the page of the UN's *Monthly Bulletin of Statistics* is now much larger than that of the former League of Nations' *Monthly Bulletin of Statistics*, the type used is many times larger. Everything is much more widely spaced out. The result, is that, whereas the League of Nations' *Monthly Bulletin of Statistics* got the lists of the industrial production figures of its 25 countries very neatly and clearly on one page (and to spare), the UN *Monthly Bulletin of Statistics* takes five pages to do the same thing with about the same number of countries. Naturally this spread-out method does not facilitate comparison.

There are many other differences between the League of Nations' statistical presentation of figures and that of the United Nations which succeeds it. The League of Nations' pre-

sentation was clearly devised to make comparisons between the industrial evolutions of all countries over recent years possible and easy. The United Nations' method seems calculated to do the opposite. When it came to introducing the industrial production figures of the USSR and the Eastern European countries, the UN Statistical Office editors and statisticians seemed to devote endless ingenuity to devising ever fresh ways of playing hide-and-seek with pages, tables, and figures. This method was obviously framed to make it very difficult for anyone, except an experienced economist, to compare the industrial productional progress carried out in the Soviet Union and the Eastern European countries, even since the end of the war[1], with that of the other main countries of the world. For instance, the UN *Monthly Bulletin of Statistics* gave the Soviet industrial production figures (when it *did* give those Soviet figures) on other pages and in quite another part of the book from that in which the industrial production figures of all the other countries, themselves already spread out as we indicated, were grouped together. And they were also on those occasions presented under a different index. This made it practically impossible for any ordinary person to compare the industrial advance of the Soviet Union with that of other countries—even since the end of the war. While, as for making it easy for people to make this comparison over an extended period, a thing for which the League of Nations laid the ground-work, that in any scientific way, with the UN's figures as they stood, became almost impossible. Now the UN Statistical Office has delivered itself from its dilemma by ceasing to give the Soviet and Eastern European figures altogether!

It is important to what follows for our readers to have some more detailed understanding of the kind of thing that has been going on in the western world since the war in relation to the publication of postwar Soviet and Eastern European production figures. If, to obtain this, they will steel themselves to being taken over some rather bumpy territory for the next few pages, we can promise them that the going afterwards will be comparatively easy.

[1] In this book whenever we refer to "the war," we, of course, mean World War II, the last great war.

The line of action in question will be best understood by tracing the UN Statistical Office's method of dealing with the Soviet and Eastern European figures of industrial production, before it had plucked up courage to eliminate them from its pages entirely. To begin with, in the early years after the war, the United Nations' Statistical Office fixed 1937 as its index-year. That is, it made 1937 = 100 the general measure of industrial production for all its listed countries. Certainly, it can be said that 1937 was the one prewar year, in which US industrial production rose a few points above its industrial production in 1929. It was, in fact, the one US boom year in the 1929-1939 period. It was immediately followed in 1938 in that country by a year of slump, which had similar repercussions in most of the European countries. So that 1937 could be held to represent the year in which the US and most of the European countries reached their industrial-productional prewar peak. Actually, for postwar economic measurement from prewar, this is the most natural and nearest-to-normal year to take, and not 1938 (as is so often done), which was a year of considerable slump, Hitler's invasion of Austria, and Munich.

However, when any year is made the index-year and the level of production in that year for each country is given the index of 100, that makes the productive evolution of each country and all countries accurately measureable *from that index-year onwards.* It also enables accurate comparison in productive progress *between countries from that index-year onwards.* But these accurate comparisons do not hold *for years previous to the index-year.* Accurate comparison is only possible for the years *following* the index-year, not for the years *prior* to it. In fact, fixing one year as the index-year acts in such a way as to make accurate production comparisons between countries prior to the index-year, as the figures stand, very difficult, almost impossible. Actually in this case, fixing 1937 as the index-year also served to obscure the US's shady pre-1937 industrial past. It also provided other impediments for hindering ordinary people from understanding the real economic and industrial evolution of the world during the last 20 or 25 years.

It should be explained that the League of Nations, which was the first attempt at a world organisation, considered one

of its most valuable and useful functions to be the gathering and publishing of statistical data concerning the main countries of the world in certain fields of economy. It held that this would demonstrate the condition at which the various countries had arrived in these fields, and would encourage the more laggardy to progress towards the more advanced. The League's two principal publications in which the statistical data were given were its *Monthly Bulletins of Statistics* (already mentioned) and its *Statistical Yearbooks.* The United Nations has carried on both these League publications, but the League's former interest in publishing the full available details of all the various countries with the object of encouraging comparisons between them, is now notably absent.

For instance, as the production figures of the Eastern European countries (as well as those of the Soviet Union) began to show advances of an unusually rapid nature after the war, the UN Statistical Office in its *Monthly Bulletins of Statistics* and its *Statistical Yearbooks* began to manifest an increasing tendency to leave them out. Actually, the issues of the UN *Statistical Yearbook* have never given any postwar industrial production figures for Hungary or Rumania, while the UN *Monthly Bulletin of Statistics* has never even opened industrial productional columns for either of these countries. Moreover, the UN *Statistical Yearbook 1951,* which gave figures for all its other listed countries up to 1950, gave no Polish figures beyond 1949 and no Bulgarian figures beyond 1948. The next issue, the *Statistical Yearbook 1952,* dropped its Bulgarian column and though it continued its Polish column, it left out the Polish figure for the last current year, given for all the other countries. Only for Czechoslovakia of the Eastern European countries did the UN *Statistical Yearbook 1952* give up-to-date production figures, and these Czechoslovakian figures, while increasing recordly rapidly by Western European standards, were those alone of the Eastern European countries which did not then show the phenomenally rapid increase of the other Eastern European ones. But the *Statistical Yearbook 1953* has dropped even these.

As previously indicated, the UN *Monthly Bulletin of Statistics* has never opened its industrial productional columns to Hungary and Rumania. In its *Monthly Bulletin of Statistics* from 1949 onwards, its columns for Czechoslovakia and

Bulgaria were successively dropped (rather like hot bricks), leaving Poland (till May of 1953) as the only Eastern European country in the *Monthly Bulletin* with a column left. But even in that sole remaining Polish column, the latest Polish figure the *Monthly Bulletin* gave was, as with the UN *Statistical Yearbook*, one year behind that given for all the other countries. There is no secrecy about the Eastern European countries' industrial production figures, all of which, including the Polish ones, are regularly published early every year. So there was no need to present the Polish figures with the latest year left out in either case. However, with its April of 1953 issue, the *Monthly Bulletin* dropped even this remaining, uncompleted Polish column. It seems that the UN Statistical Office has no consuming passion to inform the world of the Eastern European countries' industrial advances! The reason for this will presently be apparent.

Nor is this all. For the 1952 issues of these two main UN statistical periodicals—UN *Statistical Yearbook 1951* and the UN *Monthly Bulletin of Statistics* for 1952—jumped their index-year eleven years forward, i.e., from 1937 to 1948. That is, the measure thenceforward became 1948 = 100, instead of 1937 = 100. Though the *Statistical Yearbook 1952* still went on giving index numbers of industrial production right from 1929 to 1951 for all its listed countries (with most of those of the Eastern European countries dropped out), only the index numbers for the four years, 1948-1951, in its newly indexed issues had any value from an exact comparison point of view. Those from 1929 to 1947 (the ones previous to 1948) were useless, as they stood, for comparison purposes and, as far as their serving that end went, could quite well have been left out. They were useful only, as we have used them, for reindexing purposes. However, this jumping of the index-year forward certainly did for a single year afterwards help somewhat to prevent the extremely rapid peacetime industrial advances of the USSR from 1929 onwards, and the postwar ones of the Eastern European countries (or such of them as were allowed to appear), from being so obvious when seen in comparison with those of the other countries of the world. But again, after two years of this jumping forward of the index-year to 1948, it became quite clear (to all who could see and understand them) that the industrial production

figures of the Soviet Union and the Eastern European countries had leaped markedly ahead of all the other of the world's countries once more (with three exceptions which will be explained). Whereupon, as we have related, the industrial productional columns of the Soviet Union and the Eastern European countries were dropped altogether from both the UN Statistical Office's key periodicals.

In fact, as matters stood in the UN *Statistical Yearbook 1951*, the position was that, with the figures of all the Eastern European countries missing except those of Poland (and those of that country with the last year left out), and with the index-year moved from the more normal prewar year 1937 to the still unsettled postwar year 1948, the figures of the three defeated countries—Japan, Western Germany, and Austria—appeared in industrial advance to top the lot! With the index at 1948 = 100 and the omissions indicated, this they did. But in 1948 the economies of these three defeated countries were still only functioning at a little above 50% of their prewar capacity. The rapid advance they show in 1950 on this newly indexed basis in reality consisted in their return to and slight rise above their prewar industrial productional level. This 1948 index had made their return to their prewar normal productional activity appear as a phenomenal advance!

Why had this index jump to be made?

The answer of course is that, had it not been made, the Soviet industrial production figure for 1950 in the UN *Statistical Yearbook 1951* at this prewar 1937 = 100 index, would have appeared as 251, with the US at 177, Austria at 142, Western Germany at 113, and Japan at 78. While had Bulgaria, Poland and Hungary been included in these figures at the same 1937 index, they would all in 1950 have been seen to have passed the 200 mark. Moving the index-year eleven years forward saved the US from that! Such were the "advantages" of advancing the index-year from 1937 to 1948![1] Thus it will be realised that, with the index-year pushed forward to the statistically unsatisfactory year, 1948, and with

1 We later give the 1952 industrial production figures of all the countries in question with 1937 as the index-year. Readers will then be able to see what these figures had become at time of going to press.

the figures of most of the Eastern European countries left out, the industrial production figures in the current editions of the UN *Statistical Yearbook* and the UN *Monthly Bulletin of Statistics* present a quite distorted and erroneous industrial productional picture of the evolving world, as it really is today.

However the UN, evidently in a moment of weakness (doubtless through following the League of Nations' excellent statistical tradition too closely), in 1950 brought out its first *Statistical Yearbook 1948,* in which the industrial productional evolution of 31 nations for the previous twenty years, 1928-1948, was compared under a like index. Amongst those countries, then under the same index, the USSR was included.

True, this book cost £2 (and for later issues the price has gone up), tending to turn it into a prize for a rich businessman's bookshelf. True also, the index-year in the first two issues was also set at 1937, i.e., 1937 = 100. In these one can see how making 1937 the index-year helps to obscure and blur the past —that is to say, the slump past of the US and the far other than slump past of the USSR. It helps to blur them both. While the more recently adopted 1948 index-year (which has superseded 1937) still further shrouds the past and, as we explained, also misrepresents the present.

But there is no need, of course, to leave these figures, which are capable of explaining so much, dressed up in their inadequate 1937 and 1948 index-year attire. We have therefore used the figures in this UN *Statistical Yearbook 1948,* but transferred their index basis from 1937 back to 1929, as it was under the League of Nations. This makes it possible for us with ease and clarity to view the industrial productional evolution of most of the main countries of the world from 1929 to 1948. The UN *Monthly Bulletin of Statistics* for September 1950 enabled us to bring these figures up to 1949. By this means, except for a few important gaps, we have the figures for the industrial productional evolution of the main industrial countries of the world for the two-decade period, 1929-1949, all on the same 1929-index basis. The gaps in the figures mentioned: (1) those for the UK for the 1929-1938 period; those for (2) Hungary for 1945 and 1946; and those for (3) Czechoslovakia, Rumania, and Bulgaria for the postwar period and for Hungary from 1947 onwards: we have been able to fill in from other official sources. These sources for the indicated countries

respectively are:

(1) League of Nations' *Monthly Bulletin of Statistics*, July 1939;
(2) Report of the Hungarian National Planning Office, 1950;
(3) UN Economic Commission for Europe's *Economic Survery of Europe in 1948, 1949* and *1950* and *Economic Bulletin for Europe*, issued quarterly.

The figures in (1) for the UK are already on a 1929-index basis. And the figures for Hungary, Rumania, Bulgaria and Czechoslovakia in (2) and (3) are presented on various index-year bases in different issues; all of which we have likewise transferred back to the same 1929-index basis. So that these with the former figures now provide us with the data we need for presenting the industrial production figures of the main countries of the world for the two-decade period, 1929-1949, all on the same 1929-index basis.[1]

Again, as later issues of these United Nations' books appeared, we were able in the same fashion to add figures for the considered countries for the three succeeding years, 1950, 1951, and 1952, the latter year being the last year with complete figures available for these countries when this book goes to press. For the figures for these latter three years we have used UN *Statistical Yearbooks 1949-50, 1951* and *1952* which, with the exception of the omissions previously noted, give the industrial production figures of the world's main countries up to 1951. For the 1952 figures we have used the UN *Monthly Bulletin of Statistics* for May of 1953 which, except for similar omissions, gives the 1952 figures.

Fortunately, three other UN periodical series are at hand to enable us to fill in the Eastern European gaps, and thus in the all-important realm of industrial production to present the general world picture in a balanced and accurate manner. For the yearbook and quarterly series issued by the UN Economic Commission for Europe—its *Economic Survey of Europe in 1949, 1950* and *1951*, with also the quarterly numbers of its *Economic Bulletin for Europe*—and the UN Department of Economic Affairs' yearbook issues—*World Economic Report*

1 Except for Bulgaria, whose index numbers of industrial production we have only available from 1937

1949-50, 1950-51, and *1951-52*—,all of which contain certain sections dealing specifically with the Eastern European countries' production, enable us to fill in the industrial production figures of the Eastern European countries for the years 1950, 1951, and 1952 and other previous years missing from the UN's statistical volumes, as formerly indicated.

Actually, as will in due course be found, we present the figures of all the countries in question for the years 1950, 1951, and 1952 only after those for the previous period, 1929-1949, have first been considered. This method has been adopted because it has been found that we get a clearer picture of, and are better able to compare, the general economic evolution of the countries in question in these later and more up-to-date years, if their previous economic evolution in the two-decade period, 1929-1949 (which has a special significance of its own), is understood first. So our first object will be to trace the economic evolution of the principal industrial countries of the world through this important two-decade period, 1929-1949, and then go on to consider the later one.

In fact, we have made the following preparations for achieving the first of these objects. We have gathered, as we formerly indicated, all the relevent and available industrial production figures for the countries required over the two-decade period, 1929-1949, and transferred them all to the same 1929 index. We have then set them out all on one page, as we think, clearly, following the printing lessons we have learned from the League of Nations' prewar *Monthly Bulletin of Statistics,* previously mentioned. Thus with all the figures clearly placed and spaced on one page, it then becomes possible and easy to compare the industrial evolution of all the countries concerned over the critical 21-year period in question.

Why is this period a critical one?

Firstly, because it contains the interwar Great Slump. We may see how the Great Slump affected all the countries concerned.

Secondly, it contains World War II. We may see how that catastrophe affected all those same countries.

Thirdly, because in 1928, a year before these figures start, the USSR had set out on its First Five-Year Plan of Socialist

Production. Thenceforward it was to proceed (when not at war) by means of Five-Year Plans of Socialist Production. In 1929 this was something new and unique in the world. The figures show the effect of that unique evolution since then.

Finally, readers may ask: On what page is this Table in question to be found?

That page is at the very end page of this book. It is not an ordinary page. It is an *extensible* page. It opens out. It is so placed and made that it can be kept open for reference beside the ordinary pages, while the reading of the considerable part referring to it is proceeding. This saves constantly turning back and forth for reference, an irksome process when requiring to be constantly repeated.

This Table will not be the only Table found in this book. But it is the most important one. It is, in fact, a kind of key to a large section of the first part of this work. Since it will be frequently mentioned, and therefore to distinguish it, we shall henceforth refer to it as the *Main Table*.

Before we next describe and analyse it, we suggest that readers open out this Main Table page and study it for themselves. They will find in it the full detail, which the UN Statistical Office has gone to such trouble to obscure and leave out. Also when they turn to do this, they will find an extra extensible slip below the extensible page which opens out and fits in under it, adding a further three years to it. Readers are asked to leave this piece folded back, as it is, until a later stage in the book (which will be indicated), when its introduction will further enlighten, and not confuse, our explanations. Too many figures, presented together, confuse. The figures in the basic Main Table will make clear the unique world economic evolution of the two-decade period, 1929-1949, without too much difficulty. When that has been grasped, the further period will be easily comprehensible.

Try opening out and seeing what you make of the 1929-1949 Main Table for yourself, before studying it more carefully with the help of the following pages.

3.

GENERAL ANALYSIS OF THE MAIN TABLE

The figures of the Main Table will be seen to be divided horizontally into three sections:

1929—1938 the Great Slump and pre-War period
1939—1945 the War period
1946—1949 the immediate post-War period

While vertically the Table's figures will be found divided into four sections:

U.S.A.
Western Europe
Eastern Europe
U.S.S.R.

True, together with the USA we might have added Canada and Mexico and called all three countries together North America. Actually, for purposes of simplicity and clarity, we have preferred to give the USA a column on its own. Those whom it interests may remember that the industrial-productional evolution of Canada runs very closely parallel to that of the USA, to which, of course, it is economically closely tied.

Now, first of all, take a cursory glance at the prewar, 1929-1938 section. Glance over the USA and the countries of Western and Eastern Europe. It will be seen that the great slump, which exploded first in the US in October of 1929, has made its imprint in all these countries. The worst years are between 1931 and 1933. The USA, in which the slump broke and from which it spread, fared the worst. Industrial production in 1932 in the US will be seen to have been just about *half* what it was in 1929 (53% of 100). One-third of the US factories in that year were closed down and between 16,000,000 and 17,000,000 of its workers were out of work—about *one third* of the US's then work-available population. In 1939—ten years after the beginning of the slump in 1929—US production, it may likewise be seen, was still below its 1929 production level. Meanwhile population in the US had

increased some nine million in this period. That meant that in 1939 a smaller national income than in 1929 had to be distributed amongst some nine million more people. At the end of 1939 World War II broke out, and that temporarily helped to get the USA out of its economic difficulties.

However, let us return for a moment to Western European prewar production. Belgium, France, and Italy were still in slump (to judge by their 1938 figures) when the war began. And again in 1949, ten years later in the postwar period, their case seems only a little better. And in a similar position in this immediate postwar period, as is to be expected, we find Western Germany. Unemployment is high in three of these four countries, while the standard of living in all of them has fallen considerably below the prewar.

Hitler invaded Austria early in 1938, just when it was getting out of the slump. Hence the blank for that country for that year. The remaining European countries led, it will be noted by the Scandinavian countries (Denmark, Sweden, and Norway), began to recover from the slump in 1934 and 1935 and move forward again.

Then in 1939 came the war. Hitler had invaded Austria in 1938, and later in the same year came Munich, and the Czech Sudetenland was forcibly ceded to Hitler. Hence the production figures for both of these countries for this year are down as blanks. In September of 1939 Hitler overran Poland and the World War started up. All the European countries were drawn in, except Ireland, Sweden, Switzerland and Spain. Switzerland does not publish overall industrial production figures and Spain has only done so too recently to be of value. So we have only the production figures for the other two non-participating countries, Ireland and Sweden. Their figures demonstrate the advantages to the economies of their countries in not having war. Ireland in 1949 had practically doubled its 1929 production level. Sweden for interesting reasons had already made a more rapid economic advance out of the slump in the prewar period than the other European countries. On top of this, it succeeded in keeping out of the war and even, during the war, in increasing its production. The result is that in 1949 Sweden has much more than doubled its 1929 industrial production, and easily leads the Western world countries in production increases measured from 1929.

This record Swedish increase between 1929 and 1949 works out at an average yearly production increase of 6.7% over the 20-year period in question. For the non-war years of this period its average increase is 7.2% per annum. This is the quickest increase in industrial production that the Western world in this period can show. It may be useful to remember this Swedish figure. It is more than double the US average yearly production increase for the whole of this 20-year period, which is 3% as measured to its 1949 position. While for the same non-war years of this period, the average annual US production increase is *minus* 0.3%!

Let us now take a look at the European figures in the second section of the Table, the 1939-1945 section, the war period. With the exception of one outstanding fact, which the figures disclose, there is very little to be said about this period. In fact, more than half the figures (about which, if there had been any, something might be said) are missing. Maybe this is the most eloquent statistical way of expressing what took place in the countries concerned in the period in question. In the countries with index blanks, economic measurement had gone by the board or was secreted and kept dark. For most countries showing gaps in this second section, this was a period of chaos, destruction, terror, and murder. Set in a Table of measured figures, the economic gaps, like destroyed houses in a city, are eloquent indication of what was taking place in most of the countries concerned in the war period. What figures of participating countries there are in the European zone and those which are missing indicate, of course, a great drop in production over the whole of this area—except in Sweden, which was out of the war, and in Hungary and Bulgaria, which under Fascist dictatorships during this period were allies of Hitler, aiding his war production. In the other occupied countries all available production was being forcibly put, as far as possible, to producing weapons of war. Peacetime consumer goods were being rationed and their production reduced to a minimum. For the greater period of the war the greater part of Europe was occupied by the Nazi armies, which were driving the people in the occupied countries to produce for *them,* and in many cases stealing and appropriating at their will many of their completed and treasured possessions. While the workers in the occupied countries, working

under semi-slavery conditions, were mostly sabotaging production as much as they dared. Thus we have over this war period most of Europe suffering terrible destruction to its already possessed stock of goods, and large portions of its productive framework and organisation being thrown for this period into disorder. These gaps in the war period over Europe indicate for the most part a tremendous industrial depression—a depression made deeper by war and destruction.

THE EXTREME LEFT OF THE MAIN TABLE
THE U.S.A.—CAPITALISM IN OPERATION

Now turn to the same period in the USA. What do we find here? A quite different picture. No death and destruction in this quarter. In the year 1939 at the end of which the war started, you will notice, the US still continues in its former slump, with its national production still behind that of its ten-years' previous 1929. That country in that year, 1939, with an increased population of nine million people, produced less than it had done in 1929, ten years earlier. And for this 1939, its unemployed figure was 10.4 millions. In the following year, 1940, in which the US was not yet involved in war, we see that its multiplication of war goods for supply to other countries (Japan at this period, as well as Britain!) was beginning to increase its production and get it out of its ten-year slump.

In 1940 Roosevelt recognised that the fall of England would be a danger to the US, so a US Defence Production Programme was set in operation both to aid Britain with arms (and still also Japan) and to increase American weapons for their own purposes. Then in late 1941, following the Japanese Pearl Harbour attack, the US entered the war, and started at once on a huge, greatly increased War Production Programme, based on total mobilisation and all-out production. The result was that in its three near-war and war years, 1941-1943 inclusive, the US increased its national production by 90%.

And, if we include 1940, when it first began to arm, in the years 1940-1943 it increased its national production over the slump year 1939 by 120%. In fact, not superior intelligence nor a desire to increase the mass of the American people's welfare, but the drive and threat of war, got the US out of its ten-year slump. That country, whose production was still in 1939 behind its 1929 level (and with an increased population of 9,000,000), in four years driven by war more than doubled its national production. Temporarily, while the war lasted, this war production solved the US's internal economic problem. There were actually a few months during 1943 in which it reached a condition of having full employment! Of course, this was greatly aided by it then having 12 million people in the Forces. And very few of these people in the Forces consisted of the former unemployed. For the latter were most of them physical wrecks when mobilisation started, and were turned down right and left as C3 by medical inspection. The US papers in the early days of the war were loquacious on the subject.

Temporarily the war solved America's chronic unemployment problem. To the multi-millionaire owners of the great Interest Groups, controlling most of the largest US corporations, it also brought colossal, unheard-of profits. Meanwhile portions of the greatest other industrial areas of the world—in Europe—were endeavouring to smash one another to pieces. Thus America, still out of range, waxed stronger, while over most of the rest of Europe armies were destroying plants, goods, and people, and thereby weakening and depleting Europe's economic and productive forces.

Such is the more complete interpretation for most of the Table's figures and lack of figures for this centre section which covers the war years, 1939-1945. One further foot-note to this war period needs to be added. The US reached its peak of production in 1943. The American big business interests were frightened of overstocking the market for the postwar period. So they began to slow down production. In 1944, with the war far from finished US production, it will be observed, was already a few points lower than in 1943; and in 1945 some thirty points lower. And sure enough unemployment began to return.

At this point someone, turning from the extreme left

to the extreme right of the Table, will perhaps ask: What about those fantastic, unbelievable figures for the USSR on the extreme right? Is it not now time to explain these?

It is. In fact, this will be our next task.

5.

THE EXTREME RIGHT OF THE MAIN TABLE THE U.S.S.R.—SOCIALISM IN OPERATION

Some people, looking at the Soviet production figures, will say: "Of course those figures are all Russian propaganda." If so, they are Russian propaganda figures which the UN faithfully reproduces in what it considers are its authoritative documents. True, it tries to cover them up. That is almost certainly why it hit on the idea of making 1937 the 100 index year of measurement to begin with, as we have already explained it started by doing. With 1937 = 100, the USSR's production for 1948, which is the last year shown in the UN *Statistical Yearbook 1948*, is 171. That is to say, it is 71% above its index for 1937. The US was evidently willing for this to appear because it could, at the index 1937 = 100, show its own industrial figure for this same year 1948, as 170—only one point behind the Russian. In the following year 1949, however, the US industrial figure at the 1937 index fell some 14 points. Whereas the USSR's industrial production figure, calculated at the same 1937 index, rose some 30 points. Thus while the US industrial production figure for 1949, at the index 1937 = 100, went down to 156, the Soviet industrial production figure for the same year at the same index went up to 204. True, this fact was recorded in the UN *Statistical Yearbook 1949-50*, published in February of 1951 and giving yearly figures up to 1949. This showing evidently gave top-directing Americans some concern. But just about the time that this book published the figures for 1949, the figures for 1950 became available and they knew that their relative showing for the following year, 1950, would be worse. For with the index at 1937 = 100, the industrial production figure for

the USSR for 1950 would be 251, while for the US it would be 177. That is why, when the UN *Statistical Yearbook 1951* appeared, we found that the whole index-year basis of that issue had been jumped forward from 1937 to 1948.

However, up to 1948, the 1937 = 100 index was sufficiently recent to cover up the main pre-1937 economic contrasts. For instance, if we consult the Main Table, we shall find that the US's industrial production figures for the years 1929 and 1937 (the latter year then the index year) are almost the same. Not so in the USSR. For, between 1929 and 1937, as will be seen, that latter country almost *quadrupled* its industrial production. This fact the index 1937 = 100 tends to hide, except to those with a more expert understanding of the meaning of such index figures. For, with the index at 1937 = 100, the Russian figures backwards from 1937 appear to fade almost to nothing. Thus with the index at 1937 = 100, the US's industrial production figure for 1929 is 97, while that of the USSR for that year appears as 27. As the figures stand, they are accurate. But that Russian 27 for 1929 will be likely to appear to anyone unfamiliar with index numbers as insignificant, and to be dismissed by many who see it as such. It actually represents a proportional relationship, a proportional relationship to what, in the same column, eight years later (i.e., in 1937) is expressed as 100 (i.e., 1937 = 100). But when the Russian 27 in 1929 becomes 100 on a 1929 = 100 index, then its 100 in 1937 becomes 370! Whereas when the US 97 for 1929 becomes 100, the US 100 in 1937 becomes only 103. You see how, at the index 1937 = 100, that insignificant Russian 27 for 1929 obscures a *phenomenal* industrial advance. It is only when two countries start with the same index at the same *beginning* year (in our case 1929) that their economic progress can be accurately compared from that beginning year onwards.

In fact, this 1937 = 100 index greatly helps to hide the astonishing fact that, while all the rest of the world was in the great slump, the USSR was, not only not affected by this slump, but increased its annual production outputs at a hitherto unheard-of rate all through this period. Thus while the US in the period 1929-1937, after precipitating the great slump in 1929 to begin with, dropped to half its 1929 production position in 1932 and only re-attained that 1929 position in

1937 (and then slumped once more), the USSR in this same period almost *quadrupled* its 1929 production. All other countries in the pre-1937 period were affected by the great slump. In the USSR in the same period industrial productivity advanced at a speed never before approached in world industrial history. And all achieved through, and unaffected by, the world slump everywhere else. All this the production figures arising from the index 1937 = 100 cover up. While these facts are still further removed from observation by the more recently-changed and eleven-year-later index, 1948 = 100, now in operation. This latest index makes accurate industrial comparision between countries only possible from 1948 onwards.

Again, the UN *Monthly Bulletin of Statistics*, with which we were able to bring the UN *Statistical Yearbook 1948's* production figures up to date, gives the Soviet production figures two pages of its book to themselves in an entirely different part of the book from the section in which the production figures of all the other countries of the world are grouped. Why? So that, of course, the post-1948 Soviet production figures and those of the other countries cannot be compared together under the 1937 = 100 index. The USSR's industrial production figure for 1949 comes out at 204 by that 1937 index. The US's figure for the same year under the same index is 156. But there is no mention in the *Monthly Bulletin,* even at this safely separated distance of pages, of the USSR's 204. Only at the bottom of a whole page of Soviet figures, whose index is 1947 = 100, is there a footnote in small print under a fresh index of 1940 = 100, giving Soviet industrial production figures for 1946, 1947, 1948 and 1949. It shows Soviet industrial production in 1949 at this 1940 index as 141! However, having this 1940 = 100 index, having already the USSR's industrial production figure for 1940 on a 1929 = 100 index, and having the know-how to make the transposition (very easy, if you can use a slide-rule), we are able to work out the USSR's industrial production figures for the years 1946 to 1949 at the required 1929 = 100 index, which thus enables the Soviet Union's industrial evolution over the whole period 1929-1949 to be viewed on the same terms as that of the rest. This transposition we have made. The results you will see in the Main Table. But you will also see that the way in which the UN's official tomes have dealt with

Soviet figures have not exactly acted to facilitate these comparisons!

In short, we have been glad for this purpose to use the industrial production figures in the UN *Statistical Yearbook 1948* and subsequent issues and in the UN *Monthly Bulletins of Statistics;* and to fill in gaps, which the former books leave out, with figures from the UN *Economic Survey of Europe in 1948* and subsequent issues, and from the UN *World Economic Report 1949-50* and subesquent issues. We have merely placed all the relevant figures on the same index-year basis, and put this index-year back to 1929, so that the economic evolution of all countries can be read and measured on the same basis from that critical year onwards.

Why was it a critical year?

Because in that year, as we previously noted, the US went into the great slump, dragging all the Western world after it. And because in the previous year 1928, the USSR started out on the first of its Five-Year Plans of Socialist Production, which have since, when spared from war, been its normal method of progress. With the Russian First Five-Year Plan, scientific Socialism was for the first time put in operation in the world. Once we know this and have the production figures of the Socialist Soviet Union and of the other main capitalist countries of the world on a comparable basis, we are able to see and measure the progress of both of the systems side by side. We are now turning to consider the Socialist side, the USSR side.

However, before we deal with the USSR figures themselves, one other note. To those who would say that the hard-skinned, non-Russian-sympathising, UN statistical staff at Lake Success is being doped to print Soviet propaganda figures, we would point out that the almost equally non-Russian-sympathising League of Nations statistical staff used month by month in its valuable *Monthly Bulletins of Statistics* to print the USSR's industrial production figures alongside those of the other countries, so that all of them could be compared. In those days the index was always 1929 = 100. Let us now therefore take our 1929-reindexed UN production figures for the USSR for the years 1929 to 1938 (which is as far as the League of Nations figures go) and put them side by side with the League of Nations' Russian figures on the same

index basis, so that we can compare them both:

INDEX NUMBERS OF INDUSTRIAL PRODUCTION FOR THE U.S.S.R., 1929-1938

1929 = 100

Year	United Nations' *Statistical Yearbook* 1948	League of Nations' *Monthly Bulletin of Statistics* October, 1939
1929	100	100.0
1930	—	130.9
1931	149	161.3
1932	166	183.4
1933	178	198.4
1934	212	238.3
1935	260	293.4
1936	333	382.3
1937	370	424.0
1938	412	477.0

Thus we see that the League of Nations figures show the Soviet industrial advance proceeding at a still more rapid pace than the UN ones. But this around 60% difference (in terms of 1929 production) between the two sets of figures at the end of the 10-year period, which would be judged a very considerable amount to be gained or lost in a capitalist country's advance over the same period, in this case dwindles to comparative insignificance in the light of the rate and size of the advance achieved. It is the Socialist style of economic advance that it is important in this case to appreciate. And these both sets of figures sufficiently show. So we shall be satisfied in what follows to accept the UN ones.

The League of Nations' powerful patrons can hardly be accused of having soft spots for the Soviet Union. They were only too delighted to find some trumped-up charge for kicking her out of their organisation—which they did in 1939, as it turned out directly against their own interest. Nor are the powers in the United Nations at present opposed to the Soviet Union one whit more friendly today. One may safely predict that any whittling down of figures by them will not be favourable to the Russians. However, since we have made it clear that we are willing to accept the UN Russian production

figures, which are hardly likely to err on the side of generosity to the Russians, let us now turn to a consideration of the figures themselves. To the figures themselves and the meanings implicit in the figures. For these strange figures have something strange and new to explain to us.

Compare the USSR's production figures with those of the USA for the period 1929-1939. While the USA in 1939 (10 years after it originated the great slump) had not yet again reached its 1929 production level (with an addition of nine million population for doing so), the USSR in the same period has increased its 1929 industrial production *almost five times.*

In the following year, 1940, the USSR had increased its industrial production almost *five and a half times* above its 1929 figure. Then in June of 1941, the Soviet Union was attacked without warning or declaration of war by Hitler's forces. In the first six months of the war, Hitler's hordes overran a large portion of both the most highly industrialised part and the most fertile part of the Soviet Union—over an area equal to all Britain, France, and part of Germany. The losses to the Soviet Union from this terrible onslaught in that year must have been something of the order of 50% of its total production and industrial productive effectives.

Thus a slump from its own purely internal economic arrangements (or lack of arrangements) could halve the US's production in peacetime (see 1932). In 1938, US production was only back at 81% of its previous 1929 production level. In the USSR, in the peace period of 1929-1938, as may be seen, its production increase was not merely very rapid, but continuously very rapid. By 1938, constantly, rapidly, steadily, by its own exertions, and unaffected by world slump, it had increased its 1929 industrial production output over four times. At the end of 1940 by over five times. Now let us watch this comparison in the war period.

In the war period, 1939-1945, the production evolution of the two countries was in many respects opposite. If the production figure for the USSR in its first war year could be known, it would probably be something of the order of half that of the previous year 1940. This and the following year must have been critical production years for the USSR, for in these years the Nazis were in occupation of its most highly industrialised and most fertile regions. So that, while the

effect of the war on the US was to cause it to double its level of production (and eventually increase its already colossal productive plant by 50%), in the USSR the war must initially have caused something like the halving of its production level, while a large portion of its productive plant must either have been destroyed or taken over by the enemy. That is, in the war period the US doubled its production, while that of the USSR must, to begin with, have been reduced to something like a half.

Thus we see that, in the ten peace years before the war, US production dwindled and wilted from internal causes, which it was, and apparently still is, powerless to eradicate. At the worst period its production dropped by half. Meanwhile, in these same ten peace years, the USSR's production, advancing constantly and very rapidly, *quadrupled* itself. Whereas in the following war period US production almost doubled itself, while that of the Soviet Union was in the worst period probably halved. By this it would seem that the Soviet Union thrives at an unheard-of rate in peace, and only wilts by invasion in war. While the US wilts from economic defects in its own system in peacetime, out of which it temporarily extricates itself in war—when that war is waged at other people's expense outside and beyond the range of its own country, a condition which has operated in the past and is likely to do so no more. Moreover, once the war is over, the former defects in the US's economic system reassert themselves. After a short orgy period of gain and production at the expense of other nations' suffering and war-caused lacks, prices rise, production drops, unemployment reasserts itself. And so there arises a desire, even a longing, felt first and most forcibly by the multi-millionaires and their now close general and admiral friends (and gradually passed on by them to the American people through their highly propagandising press, radio, and cinema), to start a new war to extricate themselves from their difficulties. This is a rake's progress, a fool's progress, a criminal's progress—in the atomic era, a madman's progress. But on the extreme left-hand side of our Main Table, in the US, that is the type of evolution we have today.

In fact, this is what has happened. Now, if we open out the extra extensible slip beneath the Main Table page which

fits in below it, we shall be able to read the effect of this happening in industrial-production figures. For this extension of the Main Table will enlighten us on this and other important matters.

6.

THE 1950-1952 EXTENSION OF THE MAIN TABLE

The 1950-1952 addition to the Main Table will be seen to add a fourth horizontal section to the previous three, into which we have already seen that the original Main Table is divided. Let us restate what are these three with the newly added fourth, so that this latter's relation to the others may be appreciated:

1939-1938	the Great Slump and pre-War period
1946-1945	the War period
1929-1949	the immediate post-War period
1950-1952	the Korean War & Western Rearmament period

It should be pointed out at once that the order of precedence of countries in both the Western and Eastern European sections has been arranged according to the respective prominence of their industrial production figures, as these stood in 1949. The figures for 1952 will be found to have changed the 1949 order, and the respective overtaking and falling-behind of countries at the latter date are sufficiently obvious to be observed by readers. We merely note that Italy in the Western European group drops to third last place. The UK drops to fourth last. Western Germany rises to fifth last.

On the extreme left, the first fact to strike us will be the effect on US industrial production figures of the outbreak of the Korean war and its ensuing Rearmament Programme. The Korean war was started in June of 1950. Special US rearmament funds were voted in October of 1949. These were immediately stepped up at the end of June, 1950, directly the Korean war started. From then onwards the US Rearmament Programme went on growing to colossal proportions. We may

see in the production figures of the US that the Korean war and its Rearmament Programme turned the beginning of a slump in the US in 1949 into the beginning of a boom for big business in 1950. But it must also be noted that even the huge US Rearmament Programme, which caused its industrial production to reach the index figure of 201 in 1951, could not hold its production at this level beyond 1951, after which it began to fall off. That showed that war, which cannot be waged eternally, will not, even while it lasts, go on constantly increasing industrial production in the US, even when it is waged under the most favourable conditions for American big business—i.e., without any danger of immediate attack on its own home people and industries.

The second significant fact in the Western world part of the figures is the effect of this even mild 1952 fall-off in US production on the other Western world countries. Only Western Germany and France in 1952 have any mildly notable production advances to show, Western Germany presumably because its present semi-Hitlerised leaders are feeling again that it has a great armaments leeway to make up. In Italy, Austria, and the Netherlands industrial advance in 1952 in each of these countries sinks to only two points above the previous year. In Norway there is no advance. While in Belgium, the UK, Denmark, Ireland, and Sweden industrial production, for the first time since the war, begins to move backwards. The close economic ties these Western European countries have with the US, cause their production to be adversely affected immediately US industrial production begins to recede. Those who understand something of the dangerous and erratic nature of the US economy, will hardly see in this, while it is allowed to last, the sign of an economic healthy future for the Western European countries.

On the other hand, when we examine the figures in the unfolded right-hand side of the Main Table, do we note any falling off in the Soviet or Eastern European industrial production figures? We certainly do not. Their figures soar and soar. In 1952 we see that Czechoslovakia has *almost doubled* its 1929 industrial production figures, the whole of this near-doubling having been achieved since the beginning of 1948. We note that Rumania in 1952 has increased its 1929 industrial production *over three times*. We also observe that

for the same year the 1929 industrial production of Hungary, Poland, and Bulgaria has been multiplied *more than four times.* And practically all these huge advances, in the case of all these latter countries, have been achieved within the eight years since the end of the war.

And what in this new section do we note of the Soviet Union's production figures? We note that in 1951, the year in which the US had succeeded in just over doubling its 1929 industrial production figure, the USSR had increased its 1929 industrial production more then *tenfold.* While in 1952, when the industrial production of the US began to fall behind its previous year's production figure, we find that the Soviet Union for the same period has multiplied its 1929 production figure *almost twelvefold.*

The fact is that the industrial productional advances on the extreme right and in the right-hand bottom corner of the Main Table are of such a remarkable nature that it is worth making them, and their general method of achievement, the subject of special examination. In fact, this is what we next propose to do.

Part II

PLANNING FOR LIFE

1.

THE SOVIET UNION'S PIONEERING FIVE-YEAR PLANS, FORESHADOWING THE LAW OF SOCIALIST ECONOMIC PROGRESS IN ITS EARLY STAGES

WE have hitherto been reviewing the figures of the USSR's productive evolution rather by comparing them with US productive evolution for similar years. Let us now consider Soviet productive evolution on its own, as a thing in itself.

It must be conceded, even at a glance, that the Main Table's figures of the USSR's productive evolution show it to be of an altogether different nature from that of the rest of the countries in the Table—with the exception of those in the next-door, right-hand, bottom-corner block, later to be examined.

To begin with in peacetime (a condition all sensible people are concerned to maintain), the USSR's progress is, manifestly from the figures, steady and considerable from year to year. It is obviously unaffected by slumps. And it proceeds at a far more rapid pace, a startlingly more rapid pace, than any which the other countries in ordinary peacetime can show. For instance, compare the Soviet Union's productive advance between 1929 and 1949 with that of the next most constantly and productively advancing capitalist country over the same period —Sweden. In spite of the fact that the USSR was engulfed in far the largest and most destructive war in its history (actually in history), which took place in this period, while Sweden did not enter that war at all, the USSR's rate of increase in production over that of Sweden in the 21-year

period resulting was *over three times* the latter's. That is to say, in spite of being the largest sufferer in the war, the USSR's rate of increase in production for this 21-year period, including the war, was three times that of Sweden. If we extend this period to 1952, the USSR's rate of increase for the 24-year period resulting becomes *almost five times* that of Sweden.

This being the case, let us see if we can discover anything about the *law* of the USSR's rate of progress under these conditions. After carefully studying the figures, this does not turn out an altogether fruitless occupation.

We mentioned earlier that the USSR's First Five-Year Plan began in 1928, a year before our Main Table's production figures start. The figure for that year's producion in the USSR is ascertainable. It is even to be found in the UN's *Statistical Yearbook 1948.* Translated into our 1929 = 100 index, it is 70.

Now students of the Russian economy know that the USSR completed its First Five-Year Plan in four and a quarter years, thus making a laughing stock of those who, to begin with, considered Russia's First Five-Year Plan, when published, was merely a fit subject for funny jokes and laughter and not to be taken seriously. Here are the figures:

ADVANCE IN INDUSTRIAL PRODUCTION MADE BY THE U.S.S.R. DURING ITS FIRST FIVE-YEAR PLAN

Index Numbers of Industrial Production
1929 = 100

Year	United Nations' *Statistical Yearbook* 1948	League of Nations' *Monthly Bulletin of Statistics* October, 1939
1928	70	79.5
1929	100	100.0
1930	—	130.9
1931	149	161.3
1932	166	183.4

We have given these two sets of figures because the UN *Statistical Yearbook* for some peculiar reason has mislaid the

figure for 1930. Both sets of figures show that the USSR more than doubled its production in the fourth year of this First Five-Year Plan. Even taking the first planned year's result as a basis of measurement (instead of that of the pre-Plan year, from which measurement should be made, and which would give a still better result, but which we do not have), the figure for the fourth year of Plan shows that that year had doubled the first year's figure. While in the fifth year it had overfulfilled this doubling, according to the UN figures, by 26% and, according to the League of Nations' figures, by 24%. That is, it completed the First Five-Year Plan in four years. According to the original Plan the USSR was to double its production in five years. It did it in four. In the Second Five-Year Plan it doubled its production again. Not as from 1928; but as from 1932. That is to say, it doubled its double. Here are the two sets of figures once more:

ADVANCE IN INDUSTRIAL PRODUCTION MADE BY THE U.S.S.R. DURING ITS FIRST AND SECOND FIVE-YEAR PLANS

Index Numbers of Industrial Production
1929 = 100

Year	United Nations' *Statistical Yearbook* 1948	League of Nations' *Monthly Bulletin of Statistics,* October, 1939
1928	70	79.5
1929	100	100.0
1930	—	130.9
1931	149	161.3
1932	166	183.4
1933	178	198.4
1934	212	238.3
1935	260	293.4
1936	333	382.3
1937	370	424.0

Thus according to the United Nations' figures, we see that Soviet production figures for 1937, the last year of the Second Five-Year Plan, considerably more than doubled those of the last of the year of the First Five-Year Plan, 1932. While the League of Nations figures make this over-fulfilment both

actually and proportionately still greater.

Into the USSR's Third Five-Year Plan the war broke, so we have only, therefore, figures (United Nations' figures) for the first three years of this Plan. The year in which this Third Five-Year Plan was started was 1938. This, it will be recollected, was the year both in which Hitler invaded and took over Austria and in which the shameful Munich episode took place. It was obvious that war was brewing, and naturally the Soviet Union, which originally had planned to greatly increase consumption goods for the Soviet population in this Third Five-Year Plan, found itself for safety purposes forced to transform much of its planned efforts from consumption goods to heavy industry and armaments. As the international situation got worse and in 1939 exploded in war, this alteration of planned production in the direction indicated in the Soviet Union was stepped up several times. It is, therefore, hardly surprising, in this critical and unsettled state of the world, which was further complicated for the USSR by the Russian-Finnish episode, that the Russian Third Five-Year Plan, whose first year saw Munich and whose second year the outbreak of World War II, had accomplished only 45% of its original Five-Year Plan production quota at the end of the Plan's third year. Here are the figures:

ADVANCE IN INDUSTRIAL PRODUCTION MADE BY THE U.S.S.R. DURING ITS THIRD FIVE-YEAR PLAN.

Index Numbers of Industrial Production
1929 100

Year	United Nations' *Statistical Yearbook* 1948
1937	370
1938	412
1939	480
1940	538

In the case of the USSR's postwar Fourth Five-Year Plan, the UN *Monthly Bulletin of Statistics* (March, 1951) gives index numbers of production as percentage figures of 1940 for

the five years of this Plan. These figures enable us to relate them to the USSR's industrial production for 1940, which in terms of our 1929 index (1929 = 100) we have, and from that to arrive at the figures for the five years of the USSR's Fourth Five-Year Plan in terms of our current 1929 index. UN *Statistical Yearbooks 1948* and *1949-50* (index 1937 = 100) and UN *Statistical Yearbook 1951* (index 1948 = 100) both enable us to verify these figures. The figures make it clear that the USSR had far more than doubled its 1945 production in 1950, for it had more than doubled its 1946 production in the latter year. These are the figures:

ADVANCE IN INDUSTRIAL PRODUCTION MADE BY THE U.S.S.R. DURING ITS FOURTH (POSTWAR) FIVE-YEAR PLAN

Index Numbers of Industrial Production
1929 = 100

Year	UN *Statistical Yearbooks* 1948, 1949-50 & 1951 and UN *Monthly Bulletin of Statistics,* March 1951
1938	412
1939	480
1940	538
1946	407
1947	500
1948	632
1949	762
1950	930

Actually, this 1950 figure was a 17% overfulfilment (in terms of 1950-based production) and a 25% overfulfilment (in terms of 1946-based production) of the target set for the Soviet Union's industrial production for the fifth year of its Fourth Five-Year Plan. As a consequence it enabled the general standard of living of the whole Soviet people to be raised *over 50%* above the standard of living level they had achieved in 1940, their prewar peak year of production.

We are also able to give the industrial production figures for the first two years of the Soviet Union's Fifth Five-Year

Plan, which are as follows:

ADVANCE IN INDUSTRIAL PRODUCTION MADE BY THE U.S.S.R. IN THE FIRST TWO YEARS OF ITS FIFTH FIVE-YEAR PLAN

Index Numbers of Industrial Production
1929 = 100

Year	UN *Statistical Yearbook* 1952 and UN *World Economic Report* 1950-51 & 1951-52
1951	1,074
1952	1,192[1]

The official planned increase in industrial production for the final year of this Five-Year Plan is 70% above 1950. Allowance must be made in this for the huge quantity of machine-tools which are being donated, without equivalent immediate economic return, by the Soviet Union to Rumania, Bulgaria, Hungary, Poland, and China. Also experience has shown hitherto in Soviet Five-Year Plans, that the originally planned industrial production figure has invariably been considerably overfulfilled at the Plan's termination. The first half-year's report of the third year of this Plan begins to show that this is exactly what now is happening, particularly in light industry and agriculture. It is too early to judge, from returns at present available, what the final result of this Fifth Five-Year Plan will be. Agricultural and light-industry targets of the Plan are being stepped up. And, provided the slightly better prospects of a peaceful future (which at this time of writing seem possible) continue, this tendency will be likely to grow. However, whether it will or not, will depend, in the final analysis, on the international situation. Transferring the positive emphasis in the USSR's national production from heavy industry to light industry and agriculture will, of course, have the effect of still more greatly multiplying

1 Just before going to press, the Soviet Union's industrial production figure for 1953 has come in, which at the same index is:

1952	1,192
1953	1,335

goods of consumption, which will mean still more rapidly increasing the general Soviet standard of living. This, as can be imagined, will be a very popular move in that country, and we shall be very surprised if the final figures of increased industrial production for the USSR's Fifth Five-Year Plan do not approach the pace achieved in the previous ones.[1]

The actual figures of the Fifth Five-Year Plan show that this Plan, in its original form, had been worked out to increase the general standard of living of the whole Russian people by not less than 37% over their 1950 living standard. As a result of the Fourth Five-Year Plan, the Soviet standard of living at the end of 1950 was raised over 50% above that of 1940, the last Russian prewar year. That will mean that, if the Fifth Five-Year Plan is merely fulfilled and not overfulfilled, the standard of living of the whole Russian population will be raised over 100% above what it was in 1940. That is to say, the general standard of living of the whole Russian population will at the end of 1955 be *more than twice* what it was in 1940. How would the people of any country feel, if they knew that their standard of living at the end of 1955 would be *twice* what it had been in 1937, 1938, or 1939, whichever of these years had been for them the prewar highest standard-of-living year? But *that* is the kind of progress that follows from an all-out Socialist economy in full operation. In actual fact, on account of the priority now being given in the Soviet Union to agriculture and light industry, as we have seen, this standard-of-living target is likely to be greatly overfulfilled.

Thus from a study of the Soviet Union's hitherto three fully completed and two partly completed Five-Year Plans, we can discern a general law of Socialist economic progress, at

1 Since the above was first written the following appeared in a leading article of the Moscow **Pravda** of October 23, 1953:

> "We know that the Fifth Five-Year Plan provides for an increase of approximately 70 per cent in the retail sales in state and co-operative trade in 1955, as compared with 1950. There is every possibility of accomplishing this task at a much earlier date. In the decision published today, the Council of Ministers of the USSR and the Central Committee of the CPSU put forward the task of increasing the retail sales in State and co-operative shops by 72 per cent in 1954, as compared with 1950 (in comparable prices), that is to say, of exceeding the provisions of the Five-Year Plan [in retail sales of consumer goods] as early as 1954. As for 1955, retail sales are to increase in that year by approximately 100 per cent as compared with 1950."

which its people have been aiming, which they have up to the present achieved, and which at times they have outstripped. This law, certainly of this first period of its Five-Year Plan Socialist development, may be stated as follows: *the Soviet Union, by means of its Socialist Five-Year Production Plans, doubles (i.e., has hitherto doubled) its industrial production cumulatively—that is to say, in geometrical progression—every four or five years.*

Even were it every five years, first to double, then to treble, then to quadruple, and then to quintuple, the industrial production of the original year, this would constitute a rate of progress greatly in excess of general capitalist peacetime increase. But to keep on every five years doubling its double —to double its industrial production cumulatively, i.e., *in geometrical progression,* every five years, the production of the last year of each Five-Year Plan doubling the production of the last year of the preceding Plan, or even nearly doing this—is something new and stupendous in the world. In peacetime only scientifically planned Socialist production can achieve such a result. Up to the end of World War II this result had been reached alone by the Soviet Union. Its planned Socialist economy, as the figures show, put it in an industrial production category all of its own, out-distancing by far the peacetime productive progress of capitalist economies. The foregoing fact will now make clear why the right-hand USSR column is not a myth, but a reality, far outstripping its capitalist rivals in its pace of productive progress. This will also make clear how keen the latter are to cover up this fact, lest it become generally appreciated and encourage more and more people to clamour for the benefits that real Socialism in operation can confer, in a rapidly rising standard of living, on all who live in and contribute to such an economy.

You will now also all the better understand why the UN's *Statistical Yearbooks 1949* and *1949-50,* giving the industrial production figures for most of the main countries of the world for 1928-1949, placed their index at 1937 = 100 to cover up this fact in the past. Why the UN *Statistical Yearbooks 1951* and onwards, faced with the task of recording these immensely rapid postwar Socialist advances, changed their index-year from 1937 to 1948 for the same purpose. And why on top of this, the UN's *Monthly Bulletins of Statistics,* which reckon

to keep the industrial production figures of most of the other countries up to date, did not list the USSR's Fourth Five-Year Plan figures (on the occasions when they did give them) with those of the other main countries of the world under the same 1937 = 100 index as with the others, but placed the Soviet figures under a different postwar index and in a different part of the book! And, finally, why after the completion of the USSR's Fourth Five-Year Plan, the UN *Monthly Bulletin of Statistics* and the UN *Statistical Yearbook* have ceased to give *any* Soviet overall industrial production figures! In this and other similar ways, the US and its Western world masters hope to obscure the true facts of the Soviet Union's astounding advances from 1928 onwards from as many as possible of the world's peoples.

Nor have we said the end. For it looks, from recent news coming out of Russia, as if this huge speed of industrial increase, which has hitherto had its main basis in the sphere of heavy industry, is now to be passed on to operate also in light industry and agriculture. These tremendous and hitherto unheard-of speeds of economic productive progress will then be transmitted through light industry into goods of consumption. This will mean that these great speeds of economic advance we have been considering will be transformed from mere "industrial production" into standard-of-living increases for the masses of the people. The passing on of the immense speed of productive advance, hitherto dominantly concentrated in heavy industry, into directly raising the standard of living of a whole nation's people, is likely to produce a result ultimately more revolutionary and sensational than the atom-bomb. For the direction of that purpose is opposite—instead of destroying as many people as possible, increasing their standard of living as much as possible. But, of course, for the full operation of this policy, the first requirement is the prospect of a peaceful world.

2.

THE TRANSITION TO SOCIALISM IN THE EASTERN EUROPEAN COUNTRIES AFTER THE WAR

So much for the figures measuring the achievements of the Soviet Union's fully Socialist economy, which operates through its Five-Year Plans, the first of which was started in 1928. Up to the end of World War II the actual and measured results of the Soviet Union's Five-Year Plans were the only standing examples of the economic accomplishments, of which a Socialist society is capable, we had in the world. Of course, the true facts about these achievements were obscured from the great majority of the peoples of the Western world by the iron curtain of the interwar period. Yes, of course, the iron curtain operated right through the interwar period. It was then, quite openly by those who operated it, called the *cordon sanitaire,* which is best translated perhaps as the *quarantine barrier.* In this case there was no effort to pretend that the barrier was put up by the other side. It was a purposely constructed barrier set up by the Western world, that is, of course, the capitalist world, to prevent the Socialist world breaking through into the West. And this barrier they put up was a pretty hefty one—in reality a solid belt of countries between Russia and Western Europe. It consisted of the Baltic countries, Poland, Rumania, and the Balkan countries. These were countries which were supposed to have been liberated from German and Austrian Kaiserism and Russian Czarism as the result of World War I. Most of them were given or encouraged to frame politically model democratic constitutions by the Western Allies immediately after the war. The politically democratic constitutions were not allowed by the Western Allies, that is, of course, the capitalist West, to last long. With Russia next door, that would have been too dangerous. If left to their own devices and choices, they might go Eastwards for thir ideas. They would then have politically all become, not quarantine barriers, but as from the East to the West, corridors. So they were all encouraged to go fascist or semi-fascist once again. We heard little in the bulk of our newspapers, who shout so loud today, of dictatorship in those countries then. In fact, under the sup-

pressive Horthy dictatorship in Hungary, the Hungarian Counts were constantly singing the praises of the *Daily Mail's* owner, and even invited him to come and be their king! Lithuania, Esthonia, Poland, Hungary, Rumania, Bulgaria, all went back into dictatorships in the interwar period without a murmur from most of the press. As a result of World War II, nearly all of these interwar *cordon sanitaire* countries, with a few others, have gone into the Socialist sphere. The *cordon sanitaire* has now moved west and become the *iron curtain.* And the propaganda machines of the capitalist west have become still more frightened and vociferous. Our newspapers and wireless are seemingly never tired of giving accounts of the terrible things that have been happening in Eastern Europe since the end of the war. Why is this? We were allowed to hear scarcely anything in our large circulation papers of Eastern Europe in the interwar period, when *really* terrible things were constantly happening to its populations—massacres, concentration camps, political beatings-up and killings; *real* police-state activities. That was because many of the most paying concerns in those countries were then owned by Western world capitalists—mostly British, American, French and German. For instance, the US Morgan interests, which control the American Telephone and Telegraph Co. (AT & T), have a subsidiary, the International Telephone and Telegraph Corporation (IT & T), which in the interwar period in some cases owned whole national telephone systems and in others the controlling shares in the national telephone systems in a number of these Eastern European countries—notably Hungary, Bulgaria and Rumania. In Bulgaria 41% of the total capital invested in stock companies was foreign—German, British, American, French and Belgian. In Rumania 51% of the total oil industry was owned by Anglo-Dutch, with American oil firms mostly owning the remainder. While the Western world capitalists were drawing substantial profits from the concerns in these Eastern European countries, we heard nothing in their principal papers of the atrocities and suppression that were taking place there under the fascist dictatorships in those countries, which by these methods protected their ownerships. But after the war, when the people of these countries began for the first time to take control of their own affairs—began to carry out land reforms (which had been the ideal of the poverty-stricken peasant masses in those

countries for ages) and to nationalise their industries—in fact, to set out seriously to transform their economies onto a Socialist basis—wild shouts that suppression, atrocities, slave labour, destruction of liberty were now the order in these countries and that they had developed into police states, went up from all the Western world capitalist newspapers and radios. Their own *cordon sanitaire* countries were making the Socialist transition, and the big capitalists of the West had many mineral and industrial holdings in those countries. They wanted those countries to remain backward colonies with the masses of their people getting low standards of living and wages, in order to go on providing them with the high profits, and their own countries with the food at low prices, that they were used to receiving before the war. Very nice for the Western world capitalists, but not so nice for the low-standard-of-living peoples in those Eastern European countries. Not nice for them at all. In fact, shouts or no shouts and blackguardings from the Western world capitalists' newspapers, they weren't going to have it any more. They were going to raise their own standards of living. And raise them and raise them and raise them. For they now had a model on which to go. If we now glance at the right-hand bottom corner of our Main Table with its 1950-1952 Extension, we shall see how in the seven years following the war they have got on.

What a history is compressed in that postwar Eastern European rectangle! A social and economic revolution is expressed in those figures. A revolution that has been practically bloodless. But those figures will need explanation. Let us examine them. And later examine behind them.

3.

THE ECONOMIC ADVANCES OF THE EASTERN EUROPEAN COUNTRIES UNDER THEIR TRANSITION-TO-SOCIALISM ECONOMIES SINCE THE WAR

If we study the postwar figures of the Eastern European countries in the Main Table with its 1950-1952 Extension, we shall find that all these countries, except Czechoslovakia, had, already *in the seven postwar years alone,* overtaken the 23-year industrial productional advance of Sweden, the country in the Western world which has made the greatest industrial productional progress since 1929. That is, in seven years of transition-to-Socialism production, four out of the five Eastern European countries had easily overtaken the 23-year rate of productional advance of the Western world's champion industrial productional sprinter. Nor is Czechoslovakia so far behind. For it will be noticed that Czechoslovakia *in the five years beginning with 1948* had, in speed of industrial productional advance, overtaken the UK's 23-year industrial productional advance since 1929—or its 18-year advance, if we omit the war years.

Over most of the Western world, 1937 was the prewar peak year of industrial production. This was because in the US 1937 was, as far as industrial production went, the one comparatively boom interwar year after 1929, and most European countries, outside the USSR, were in one way or another economically tied to the US at that period. Let us, therefore, measure the postwar industrial production of the five Eastern European countries from their industrial production in this general prewar, peak production year, 1937:

THE 1946-1952 POSTWAR ADVANCES IN INDUSTRIAL PRODUCTION OF THE FIVE EASTERN EUROPEAN COUNTRIES, MEASURED FROM 1937

Index Numbers of Industrial Production
1937 = 100

Year	Czecho-slovakia	Rumania	Hungary	Poland	Bulgaria
1937	100	100	100	100	100
1946	—	—	61	93	133
1947	94	57	73	116	159
1948	108	82	104	152	192
1949	126	116	150	191	249
1950	146	158	201	250	308
1951	168	205	260	312	363
1952	200	252	323	374	432

From this we see that Czechoslovakia had in 1952 exactly *doubled* its industrial production over 1937 and had, in fact, accomplished this feat in the five years following 1947. Rumania in 1952 had raised its industrial production *2½ times* above 1937 (and more than this above 1948). Hungary in 1952 had more than *trebled* its 1937 industrial production, and this in the five years since 1947. Poland in 1952 had increased its 1937 industrial production by almost *3¾ times*. While Bulgaria in 1952 had more than *quadrupled* its 1937 industrial production.

In the case of Rumania, Hungary, Poland, and Bulgaria, these industrial productional advances have been even more rapid than the outstanding Soviet Union's Five-Year Plan industrial advances which we earlier considered. And the Czechoslovakian figures, which by any other standard must be considered swift, will be seen not to lag far behind the others when the conditions under which they were produced (which will later be explained) are better understood.

What is the reason for the extra speeds in the industrial advances of Rumania, Hungary, Poland, and Bulgaria over

those of the Soviet Union, which, when they were carried out, left all other hitherto achieved industrial productional advances far behind? The reason is interesting and important and is not far to seek.

When the Soviet Union first blazed the way for Five-Year Plans of Production on a transition-to-Socialism and later on a full-Socialist basis, it had to set out to do this alone and unaided, surrounded by a violently hostile world. Its comparatively small industrialisation, such as it then was, had been devastated by foreign invasion and civil war. No foreign country of substance would offer it loans. It had to pay through the nose for the small amount of foreign machinery the large industrialised countries would allow it to purchase. It was largely dependent on technicians and personnel, coming from the hostile, industrialised countries, to train its own technicians and personnel both in running the new machines and in setting up new factories to make machinery for itself. It had to pay highly for these experts, some of whom were friendly, while others turned out to be sabotage-agents who carried out systematic plant-wrecking during their contracted missions of aid. And all the while the danger of war hung over the whole proceedings. For the Soviet Union, from the beginning, was compelled to set out on its Socialist transition all alone in, and surrounded by, a hostile world.

Very different have been the conditions in which the Eastern European countries (and now later China) have started on their Socialist transitions. They are not alone in a hostile world. Quite the contrary. The trail-blazer is there to give them counsel, to send them machinery of the latest type and in quantity, and to provide them with skilled technical help and instruction as to how to work the new machines, and how to set up and run new factories for making machine-making machines for themselves. All of which is proceeding with great enthusiasm and friendship on both parts. This is the reason for the still greater speeds in industrial productional advance, achieved by the Eastern European countries over even the original remarkable Soviet Five-Year Plan accomplishments.

This large-scale fabrication of whole plants and factories of machinery for the Eastern European countries and China, and the loaning to them of some its foremost technicians for explanatory and training purposes, must also be expected to

somewhat slow down Soviet Five-Year Plan home targets for a period, till the new industrialisation in these countries gets firmly grounded. Though much of Soviet help is contracted on an exchange and trading basis, the Soviet Union is playing the elder Socialist brother's part and acting with great generosity to its younger Socialist brethren. Of course, when great capitalists and their newspaper "explainers" are faced with facts such as these, they can only explain them to themselves and others in terms which they understand and apply themselves. They interpret all this in terms of the capitalist grabbery and exploitation in which they are so well versed, in place of the Socialist sharing and giving, which have so greatly helped to produce the wonderful production figures we have been viewing from the Eastern European countries.

Let us consider these Eastern European industrial production figures once again to get to understand them better. Let us measure Czechoslovakian, Polish, and Bulgarian industrial production from 1948 and that of Rumania and Hungary from 1949. A glance at the Main Table will show that the industrial production of these countries for these years is already above the peaks achieved by them in any previous years, so that there can be no question that their productional advances, measured from these years, are anything but genuine advances. This being so, consider the following figures:

ADVANCE IN INDUSTRIAL PRODUCTION OF THE EASTERN EUROPEAN COUNTRIES FOR THE PERIODS 1948-1952 AND 1949-1952

Index Numbers of Industrial Production
1948 & 1949 (as indicated) = 100

Year	Czecho-slovakia	Rumania	Hungary	Poland	Bulgaria
1948	100			100	100
1949	116	100	100	126	129
1950	135	138	124	164	160
1951	155	176	174	205	188
1952	183	216	216	245	225

We see that, in the four-year period, 1949-1952, Czechoslovakia has increased its industrial production by 83%. After having completed its Five-Year Plan, 1949-53 (one year to go), it will almost certainly have *doubled* its industrial production of 1948.[1] In the *three-year period,* 1950-52, Rumania and Hungary *both doubled* their industrial production. While in the four-year period, 1949-52, Poland and Bulgaria *both considerably more than doubled* their industrial production. Hungary, in its first Five-Year Plan as will later be described, had set itself the prodigious task of more than *trebling* its industrial production in the five-year period. And at the end of 1952 it was only a few points behind its target for that year.

Such, then, have been the industrial productional results of the Eastern European countries, operating their transition-to-Socialism economies. Let us now compare their industrial productional achievements with those of all the other countries in the Main Table. This comparison is perhaps most easily seen if we adopt the method of measurement favoured by the UN Statistical Office in the first years after the war, and then dropped like a hot brick when the results became too obvious. That is to say, we propose to show the industrial productional advances of all the countries in the Main Table, taking the prewar year, 1937, as the index-year (1937 = 100). This, it will be remembered, was the index-year chosen by the UN Statistical Office immediately after the war from which to base its industrial productional measurements, but dropped after the 1950 published returns of the Soviet Union and the Eastern European countries began to leave the others so far behind. Following the 1950 returns, the UN Statistical Office made 1948, instead of 1937, its index-year. It also at this point began to drop the Eastern European countries out of its columns. In the following Table we may see the 1952 index numbers of industrial production that the UN Statistical Office's periodicals would have shown, if that office had maintained 1937 as its index-year, and had included *all* the countries of the Main Table in its listings:

1 Just before going to press, the latest Czechoslovakian economic bulletin shows that Czechoslovakia's 1953 industrial productional increase over 1948 was 102 per cent.

INDEX NUMBERS OF INDUSTRIAL PRODUCTION OF THE COUNTRIES IN THE MAIN TABLE FOR THE YEAR, 1952, MEASURED FROM THE PREWAR YEAR, 1937

1937 = 100

	1937	1952
Bulgaria	100	432
Poland	100	374
Hungary	100	323
U.S.S.R.	100	320
Rumania	100	252
Czechoslovakia	100	200
U.S.A.	100	194
Sweden	100	166
Austria	100	159
Ireland	100	156
Denmark	100	152
Norway	100	148
Netherlands	100	147
Italy	100	144
Western Germany	100	142
France	100	134
U.K.	100	126
Belgium	100	105[1]

Such were the figures for 1952 which the UN Statistical Office would have shown, had it maintained 1937 as its index-year and maintained columns for all the indicated countries.

It will be seen that the top six countries in the list comprise the Soviet Union and the five Eastern European countries, all of which in 1952 had doubled or more than doubled their prewar 1937 industrial production—in spite of the fact that all of them had been seriously damaged by the war. They were, in fact, the worst damaged countries in the war. Yet in spite of having been the worst damaged, they show the highest postwar advances.

The seventh country in the list is the USA. Its gains above its 1937 industrial productional level were mainly made, as may be seen from the Main Table, through its World War II

1 The Japanese position in this setting is as follows:

Japan	100	111

productional efforts and its 1950 and onwards Rearmament Programme. Far from being itself damaged by the war, much of its progress resulted from the damage in that war inflicted on other countries. There is nothing special to mention as to the figures of the remaining countries, which dwindle from the next-in-order, Sweden (whose 1952 figure is 66% above its 1937 production), to that of Belgium (which is above by only 5%).

However, when the UN Statistical Office published its industrial production figures for 1952, it had already substituted 1948 for its index-year, instead of 1937—and also dropped most of its Eastern European columns. Here are those 1948 = 100 figures, but for *all* the Main Table countries, to which we add those of Japan for reasons which will later be obvious:

INDEX NUMBERS OF INDUSTRIAL PRODUCTION OF THE COUNTRIES IN THE MAIN TABLE (PLUS JAPAN) FOR THE YEAR, 1952, MEASURED FROM THE POSTWAR YEAR, 1948

1948 = 100

	1948	1952
Rumania	100	310
Hungary	100	306
Poland	100	245
Western Germany	100	231
Bulgaria	100	225
Japan	100	213
U.S.S.R.	100	187
Czechoslovakia	100	183
Austria	100	181
Italy	100	147
France	100	131
Netherlands	100	130
Ireland	100	123
Norway	100	119
Denmark	100	117
U. K.	100	114
Belgium	100	114
U.S.A.	100	114
Sweden	100	110

It will be seen that this 1948-year index brings Rumania

from fifth place in the Table page 52 (1937 = 100) to top of the list in the Table page 53 (1948 = 100). It places Western Germany fourth and Japan sixth. It is also interesting in this four-year period, 1948-52, that Sweden, the Western world's long-distance industrial-productional champion, drops to bottom place and that for this same period the US, the UK, and Belgium all tie for the place of being second slowest.

The best way to explain and interpret the difference between these 1952 figures, measured in the first of the latter two Tables on an 1937-index basis (1937 = 100) and in the second on an 1948-index basis (1948 = 100), is to include the 1948 industrial production figures of the same countries also on the 1937-index basis. The following result, when studied, will be found revealing:

INDEX NUMBERS OF INDUSTRIAL PRODUCTION OF THE COUNTRIES IN THE MAIN TABLE (PLUS JAPAN) FOR THE YEARS, 1948 & 1952, MEASURED FROM THE PREWAR YEAR, 1937

1937 = 100

	1937	1948	1952
Bulgaria	100	192	432
Poland	100	151	374
Hungary	100	104	323
U.S.S.R.	100	170	320
Rumania	100	83	252
Czechoslovakia	100	108	200
U.S.A.	100	170	194
Sweden	100	151	166
Austria	100	89	159
Ireland	100	128	156
Denmark	100	130	152
Norway	100	126	148
Netherlands	100	113	147
Italy	100	98	144
Western Germany	100	61	142
France	100	102	134
U.K.	100	109	126
Japan	100	52	111
Belgium	100	92	105

What do we learn from this Table? First of all, glancing

down the 1948 line of figures, we see that industrial production in Rumania, Austria, Italy, Western Germany, Japan, and Belgium were in that year all below their respective 1937 figures. This is pronounced in the case of Rumania, and very pronounced in the case of Western Germany and Japan—industrial production in 1948 being not much above half of what it was in 1937 in these two latter countries. These three countries in 1948 had clearly not got back to their prewar 1937 industrial productional level. In the two major defeated countries, Western Germany and Japan, industrial production in 1948 was still only slightly over half above what it had been in 1937. When this low level of production in these two cases is taken as the basis of measurement for 1952 industrial production, it is not surprising that, in the case of Western Germany, 142 in Table page 52 (1937 = 100), becomes 231 in Table page 53 (1948 = 100); and that, in the case of Japan, 111 in Table page 52 (1937 = 100), becomes 213 in Table page 53 (1948 = 100). It only goes to show what an unsuitable year 1948 was to fix as a basic index-year from which to measure the industrial production of the main countries of the world. The 1937 index-year provided a much more settled and more balanced basis. The disadvantage of this 1937 basis, from the US's point of view, was that it made obvious the phenomenonally rapid industrial advances being constantly made by the countries with full Socialist and Socialist-transition economies, while the two countries with formerly monopoly-capitalist and fascist economies (which the US is anxious, under its own direction, to restore to their previous power positions) it relegated to near the bottom. The changing of the index-year from 1937 to 1948, with the elimination of the Eastern European countries from the picture, removed these "disadvantages". And that picture, with these "disadvantages" removed, is what today the UN Statistical Office's volumes give us.

It would be a pity to pass on from this last Table without picking out the following pairs of figures it contains of countries respectively in the Socialist and capitalist worlds, whose industrial productional advances between 1937 and 1948 were closely similar, but whose subsequent economic paths between 1948 and 1952 drew widely apart. The figures require no explanation. They provide quite a neat summary of the economics of the situation by themselves:

CONTRASTS IN INDUSTRIAL PRODUCTIONAL RATES OF PROGRESS SINCE THE WAR, BETWEEN THE SOCIALIST AND CAPITALIST WORLDS

1937 = 100

	1937	1948	1952
Poland	100	151	374
Sweden	100	151	166
Hungary	100	104	323
France	100	102	134
U.S.S.R.	100	170	320
U.S.A.	100	170	194
Czechoslovakia	100	108	200
United Kingdom	100	109	126

One further point. The figures in the Table page 54 indicate to us that World War II had brought Japanese industrial production in 1948, in relation to its prewar 1937 production, very much to where the great slump had brought the US in 1932, in relation to its pre-slump production of 1929:

	1937	1948
Japan	100	52

Compare the US column of the Main Table for the years 1929 and 1932 for this parallel. Thus, war in the one case and slump in the other—the two greatest evils of capitalist economy—had reduced the industrial production of both these highly industrialised countries by something like half. Meanwhile, Socialist economy, as its figures make clear, is seeking permanently to reverse economic results of this character.

And how?

By removing the root causes of both.

No doubt, the foregoing facts will impel us to ask what the steps are, by which these Eastern European countries have achieved their astonishing successes. The first are political, the second economic. The first are more complex and not so instantly obvious, the second are direct and can be immediately understood. We will begin by considering the second first.

4.

THE EASTERN EUROPEAN SHORT-TERM PLANS ON A TRANSITION-TO-SOCIALISM BASIS

We are now in a position to recognise that something unusual has been taking place in the postwar evolution of these Eastern European countries. Something partaking of the same nature as the very striking Soviet economic evolution, operating right back from 1928 onwards. What in fact has been operating in these Eastern European countries in this postwar period is Planned Production on a transition-to-Socialism basis. We will next take a look at their Plans and their results. Later we will examine their transition-to-Socialism basis. We have, moreover, found a way of making our viewing clear and concise. So let not readers grow faint with the prospect of toilsome labours in front of them.

In fact, we have prepared a Table to condense and concentrate the main details. The Table gives the main data of the Short-Term Plans of the Eastern European countries in the immediate postwar period, whose main aim was to repair the damage done to them by the war, while at the same time trimming their sails for further progress. Hungary and Poland each had a Three-Year Plan, 1947-49; Bulgaria and Czechoslovakia a Two-Year Plan, 1947-48; and Rumania two One-Year Plans, 1949 and 1950. Into this group must also be admitted Eastern Germany. Eastern Germany in this period had a Two-Year Plan, 1949-50, which it completed in one year and seven months. Eastern German production is only not included in our Main Table, because for earlier than this no official figures for Eastern Germany have been issued. The first definite figures we have for that country (or part of a country, acting in broad general economics on lines similar to those of the other Eastern European countries we are considering, though not quite so complete) are those of its Two-Year Plan, 1949-50.

Here, then, without more ado, now that the main factors in the situation have been introduced, we present a Table, giving the main details of the results of the Short-Term Plans of these six Eastern European countries for your inspection on the two following facing-pages:

EASTERN EUROPEAN POST-WAR SHORT-TERM PLAN RESULTS

PW = Pre-War APW = Above Pre-War

Ffd = Fulfilled

Percentages all in terms of Pre-War unless otherwise stated

	Polish Three-Year Plan, 1947-49		Hungarian Three-Year Plan, 1947-49		Bulgarian Two-Year Plan 1947-48		Czechoslovakian Two-Year Plan 1947-48		Rumanian One-Year Plan 1949		Rumanian One-Year Plan 1950		Eastern German Two-Year Plan 1949-50	
	Target	Achievement of Target	Target	Achievement of Target	Target	Achievement of Target	Target	Achievement of Target	Target	Achievement of Target	Target	Achievement of Target	Target	Achievement of Target
Industrial Production	50% APW	25% over	27% APW	26% over	69% APW	3% under	10% APW	2% under	40% above 1948	Above PW	37% above 1949	4% over	81% of PW	20% over
Farm Production	80% of PW	13% over	90% of PW	Ffd.	34% APW	under	Equal to PW	30% under			all-round increase		Equal to PW	Ffd.

Standard of Living	Equal to PW	26% over	8% APW	32% over	15-20% above 1946	10% over	10% APW	under		30% above PW in industry	15% above 1949	2% under	Steadily improving
Special Comments	Plan overfulfilled in 2 years & 10 months		Plan overfulfilled in 2 years & 5 months		Drought of 1947 and other difficulties hindered first year of Plan		Drought of 1947 and other difficulties hindered Plan		Two single P l a n s		One-Year		Plan overfulfilled in 1 year & 7 months

FINAL RESULTS

Industrial Production	75% APW	53% APW	66% APW	8% APW		over 40% APW	Equal to PW
Farm Production	93% of PW	90% of PW		70% of PW	→		Equal ts PW
Standard of Living	26% APW	45% APW	30% above 1946	Equal to PW		13% above 1949	Will reach PW, 1952

It will be noticed that three of the six countries completed and overfulfilled their Short-Term Plans ahead of schedule. Poland had more than completed its Three-Year Plan in two years and ten months, Hungary its Three-Year Plan in two years and five months, and Eastern Germany its Two-Year Plan in one year and seven months. Bulgaria's very ambitious Two-Year Plan was not quite fulfilled to time by a small percentage. But the actual advance made had been prodigious. Czechoslovakia, for reasons that will be explained, had not by the end of 1948 fulfilled its Two-Year Plan completely. The people of Rumania (like those of Bulgaria), the most industrially backward and hindered of all, nevertheless plunged into their two One-Year Plans boldly with enthusiasm, and slightly over-achieved their planned targets.

In the Three-Year Plans, Poland had raised its industrial production 75%, and Hungary 53%, above prewar. In their Two-Year Plans, Bulgaria had raised its industrial production 66%, and Czechoslovakia 8%, above prewar; while that of Eastern Germany at the end of 1950 (five years after its defeat) was back at its prewar level again. And Rumania in two One-Year Plans had raised its production over 40% above prewar.

And what happened in the most important realm of all, in the realm which is the arbiter of the real result, of the real meaning and success of the Plans and planning—in the realm of the general standard of living? With the general standard of living of the masses of the people in all the countries of the Western world first slightly rising and then steadily falling since the end of the war, the results of the Short-Term Plans of these Eastern European countries in this realm should interest most of us.

Poland and Hungary at the end of their Three-Year Plans in 1949 had raised the general standard of living of their peoples above their prewar level by 26% and 40% respectively. And that in spite of all the terrible war devastation wrought in their countries! Bulgaria at the end of 1948 had raised the general standard of living of its people by 30% above 1946. Czechoslovakia, with a prewar standard of living much higher than any of the three former countries, had at the end of 1948, in spite of its postwar drought and reduced population (as will later be explained) got the people of its country back to their prewar standard of living again. The Two-Year

Plan of Eastern Germany had started to lift the general standard of living of its people out of the terrible and dejected slump, which twelve years of Hitler and overwhelming defeat in the war had brought, to a point in which their Planning Office could say that, in two more years of planned production (1952), the general standard of living in Eastern Germany would reach the prewar level again, and from then on will advance above it. While the Rumanian two One-Year Plans had by the end of 1950 increased the general standard of living in that country considerably above what it had been before the Plans started. This is one of the most real ways of estimating the value of these Eastern European Short-Term Plans on a transition-to-Socialism basis. For, while the standard of living after the war was veering uncertainly—now rising a little, and then falling more and more—all over the Western world, these Eastern European Short-Term Plans on a transition-to-Socialism basis were *steadily and considerably raising the general standard of living of the great million-masses of their peoples.* Is not that a subject for fertile contemplation?

Yet this is the significant fact. These postwar Short-Term Plans were not ends in themselves. They were mainly projected to repair the major damages of war, to further economic progress, and to lay the foundation for transition-to-Socialist economics in the countries concerned; and on this basis to serve as the stepping-stones to further and more ambitious Long-Term Plans.

5.

THE EASTERN EUROPEAN LONG-TERM PLANS ON A TRANSITION-TO-SOCIALISM BASIS

All the six Eastern European countries, the results of whose Short-Term Plans we have been viewing, have all, on completion of these, embarked on Long-Term Plans. But most of these are all still, at this time of writing, in their incompleted stages. So we publish their interesting and ambitious original targets, with such details of fulfilment as have later come to hand added afterwards:

THE ORIGINAL SIX- & FIVE-YEAR PLAN TARGETS FOR THE COUNTRIES OF EASTERN EUROPE

APW = Above Pre-War

	Polish Six-Year Plan 1950-55	Hungarian Five-Year Plan 1950-55	Bulgarian Five-Year Plan 1949-53	Czechoslovakian Five-Year Plan 1949-53	Rumanian Five-Year Plan 1951-55	Eastern German Five-Year Plan 1951-55
Industrial Production	158% above 1949	86% above 1949	119% above 1948	57% above 1948	144% above 1950	100% APW (1936)
Farm Production	crops 50% beef 83% veal 65% pigs 63% milk 102% eggs 38% wool 169% above 1949	42% above 1949	crops 78% cattle, fowl 142% milk 72% above 1948	37% above 1948 i. e., crops 11% live-stock 86% above 1948	88% above 1950	crops 25% meat 60% milk 31% eggs 52% APW (1936)
Standard of Living	50%-60% above 1949	32% above 1949	60% APW	35% above 1948	80% above 1950	60% APW (1936)

PROGRESS OF THE PLANS UP TO TIME OF GOING TO PRESS

POLAND

In 1950, the first year of Poland's Six-Year Plan: industrial production increased by 31%, farm production by 13%, and standard of living by more than 6%, above the achievements in each of these categories for 1949.

In 1951, the second year of Poland's Six-Year Plan, industrial production increased 24% over 1950, the farm production targets were not fully realised because of a severe drought in Poland in that year; but manufactured goods sales to the people increased 11% over 1950.

In 1952, the third year of Poland's Six-Year Plan, industrial production increased 21% above 1951; in farm production, the four main grain crops increased 4%, pigs 3%, and sheep 13%, above 1951; while retail food sales increased, for instance—vegetable fats by 22%, butter by 15%, eggs by 26%, and milk by 18%, over 1951.

It thus worked out that, at the end of the third year of its Six-Year Plan, Poland had increased its industrial production 96% over 1949, its pre-Plan year. That is, Poland had just short of doubled its industrial production in the first three years of its Six-Year Plan.

HUNGARY

In 1950, the first year of Hungary's Five-Year Plan: industrial production was raised 35%. This was almost half the industrial productional target planned for 1954, the fifth year of the Five-Year Plan achieved in the first year. However, in this year not all the farm production targets were realised, because 1950 in Central Europe was a year of drought. Nevertheless, the industrial productional target for the whole Hungarian Five-Year Plan was now so obviously behind capacity, that *all main production targets of the Plan were raised to be as follows*:

Industrial Production	210%	above	1949
Farm Production	54%	..	1949
Standard of Living	43%	..	1949

This meant that Hungary's 1954 industrial productional target had been raised to more than *treble* its 1949 industrial production At the same time its farm production and sandard-of-living targets were raised, comparatively with this, by small percentages

It is noteworthy after this increase that, while Hungary's long-term plan, industrial productional target was now far the highest of that of any of the Eastern European countries, its standard of living target was still also the lowest of them.

Thereupon in 1951, the second year of Hungary's Five-Year Plan, industrial production increased 30% over 1950; target increases were considerably overfulfilled in practically all branches of farm production (figures for each branch, but not overall figures were given), and an over 50% increase in goods sales to the people took place in all State and Co-operative shops (which are over 80% of the whole).

In 1952, the third year of Hungray's Five-Year Plan, industrial production increased 24% over 1951; in farm production, owing to still worse drought conditions in this year, grain and other crops were behind their 1951 targets, though pig production went up 19%, and cattle production 9%, over 1951; there was also an increase of many types of goods in retail sales. However, owing to the effects of the two drought years, 1950 and 1952, on farm production, the standard-of-living targets for 1952, though they had been advanced, were in many items (especially those connected with farm produce) not fully realised.

Nevertheless, in the field of industrial production, Hungary achieved the prodigious task of more than doubling its industrial production in the first three years of its Five-Year Plan.

BULGARIA

In 1949, the first year of Bulgaria's Five-Year Plan, the industrial productional target for that year was overfulfilled by 10%. In the following year, 1950, this overfulfilment was brought to 42% for two years. At this rate of progress, it was calculated, Bulgaria would complete its whole industrial productional target for the Five-Year Plan by 97% at the end of 1952. At the end of 1950, one half of Bulgaria's farms had become farm co-operatives, thereby considerably raising farm production in the agricultural sector. The aim therefore at the end of 1950 in Bulgaria became *to complete its Five-Year Plan in four years.*

In 1951, the third year of the Bulgarian Five-Year Plan, industrial production increased 19%, farm production 43%, and average wages 11%, above equivalents in 1950.

In 1952, the fourth year of Bulgaria's Five-Year Plan, industrial production increased 18% over 1951; in farm production, despite the drought in this year, grain crops increased by 11% over 1951; 60% of Bulgaria's farmland had come under co-

operatives, and on State farms pigs and poultry nearly doubled, sheep increased by 14% and cattle by 7%, over 1951.

These advances meant that Bulgaria had achieved (and in certain sectors more than achieved) its aim of completing its Five-Year Plan, 1949-53, by the end of 1952—i.e., in four years. In fact, industrial production at the end of 1952 had exceeded the 1953 target by 16% and the wage fund in 1952 had increased by 75% over that of 1948, the pre-Plan year.

Meanwhile, in the field of industry, Bulgaria had considerably more than doubled its industrial production in the first four years of its Five-Year Plan.

CZECHOSLOVAKIA

Owing to the fact that both industrial and farm production targets were considerably overfulfilled in the first two years of Czechoslovakia's Five-Year Plan, 1949 and 1950. *Czechoslovakia's former target aims for its Five-Year Plan were stepped up to be the following*:

Industrial Production	98% above 1948
Farm Production	53% .. 1948
Standard of Living	above former target for 1948

In 1951, the third year of Czechoslovakia's Five-Year Plan, industrial production was increased 15%, farm production 6%, above 1950, and there was an all-round increase in the general standard of living.

In 1952, the fourth year of Czechoslovakia's Five-Year Plan, industrial production increased 18% above 1951, which meant that it was then 83% above 1948, the pre-Plan year; in the farm sector, grain production rose by 2%, potatoes by 8%, and meat by 10%, above 1951.

Thus, in the sphere of industry, Czechoslovakia was within appreciable distance of doubling its industrial production in the fourth year of its Five-Year Plan.

RUMANIA

The year, 1951, was the first year of Rumania's Five-Year Plan. In this year its industrial production increased 29% over 1950; very considerable increases were achieved in all branches of its farm production; and goods sales to its people increased by 28% over the preceding year.

In 1952, the Second year of Rumania's Five-Year Plan, industrial production increased 23% above 1951; in farm production, the Socialist farm sector was increased to 21% of the farming whole, and in this sector crop and livestock production was considerably raised above that of 1951; these advances in production resulted in the following increases, amongst others, in consumption—people in Rumanian towns got 80% more butter and 45% more meat, than in 1951, while its rural population got 40% more footwear, 47% more enamelware, and 48% more confectionary, than in 1951.

In the field of industry this meant that, at the end of the second year of its Five-Year Plan, Rumanian industrial production had increased 59% over that of 1950, its pre-plan year.

EASTERN GERMANY

1951 was also the first year of Eastern Germany's Five-Year Plan. In that year its industrial production was raised 22% over that of 1950; in its farm production it achieved large increases (corn 28% above 1950, etc.); while its resulting 25% productional increase over 1950 was passed on in increased consumption goods to the Eastern German population in the form of reduced prices (these took place on five occasions) and increases in wages.

In 1952, the second year of Eastern Germany's Five-Year Plan, industrial production increased 16% over 1951; in farm production, the number of co-operative farms and tractor-stations increased, the number of pigs increased by 28%, cows by 10%, and their milk-yield by 5%; amongst numerous increases in retail trade, meat and sausage went up 41%, butter and fats 12%, eggs 51%, underclothes 12%, and shoes 33%.

Thus at the end of the second year of Eastern Germany's Five-Year Plan, its already highly advanced industrial production had increased 43% above that of 1950, which was both its pre-Plan year and the one in which it had again reached its prewar peak of production.

Hence from the information we have to date, it already looks likely that the ambitious Six- and Five-Year Plan targets of all five countries in question (with in two instances their targets considerably stepped up) will in practically all cases be overfulfilled. Bulgaria has already achieved this result, having beaten its Five-Year Plan by a year. As for the Long-

Term Plans themselves, while these differ considerably in the case of each country, it is clear that the targets of all of them allow for great increases. Taking an average through the final industrial productional targets of the Six- and Five-Year Plans of the five countries, we find that the average is to increase their industrial production by one and a third times (i.e 133%) in this five-year period.

This makes it clear that these Plans of the Eastern European countries and their results are beginning to follow the same kind of economically evolving pattern as those of the Soviet Five-Year Plans. This is, they begin in a general way to near-double, double, or more than double their industrial production in the Five-Year Plan period. This, as we have seen, has been the characteristic hitherto of the Soviet Five-Year Plans since their inception. There is no reason why it should remain a characteristic of Five-Year Plans carried out in the USSR. It is, experience already seems to show, the characteristic of Five-Year Plans of *Socialist* Production.

6.

THE BASES OF SOCIALIST PLANNING

We have viewed the Plans. We have seen what the four Russian Five-Year Plans have effected; what the Short-Term Polish, Hungarian, Bulgarian, Czechoslovakian, Rumanian, and Eastern German Plans have achieved; and what the Long-Term Plans of these same countries are achieving to follow. The results are pretty remarkable. They show rates of national production increases far beyond anything hitherto attained (or thought possible) in the world. But what is still more remarkable about them is that they are carried out to achieve and do achieve the betterment, and constantly increasing betterment, in the general standard of living of the great national populations who carry them out. Not only are the rates of production they achieve strange and new, but the purpose for which they are being carried out is strange and

new also. Or new in *fact*. For the Plans to increase those whole masses of people's living standards are being in fact fulfilled and in many cases bettered. This being the case, it is now clearly worth our while to examine the *basis* underlying the Plans, the *basis* on which the Plans stand and which makes their framing and carrying out possible.

If we think for a moment we shall see what this basis must be.

Planning for the common benefit can only take place when the main instruments of production and distribution are in the hands of the people.

In a monopoly capitalist society, when the main instruments of production and distribution—the press, wireless, banks, insurance companies, mines, power stations, factories, transport and communication systems, large shops, the cinema, etc.—are owned and controlled by a small group of immensely wealthy private people, these latter are, so long as they co-operate for the same purpose, in a position to plan the whole of the national production. In this case colossal and tremendous power over the economic lives of all the people of the country will be vested in the hands of these few people. They will be able to plan the whole economic life of the country. But they will plan it in their own interest. They will plan it to give themselves colossal profits. They will plan it to keep the power in their own hands. That means that they will plan it at the same time to keep the whole of the rest of the people in subjection, but particularly the working classes, and still more particularly those who are constantly reminding the working people that this condition is wrong and against the laws of true human freedom. They will use the tremendous information services under their control for mass propaganda purposes. By means of these they will make black look white and white look black, simply by the day-in and day-out repetition that it is so. They will keep on drilling it into people that their own system is the one true freedom, that their monopoly capitalist enterprise (controlled by this comparatively small number of people) is "free", that their press and wireless are "free" (free, without opposition, to lie to the utmost), that everybody under their domination is enjoying a "free way of life", while the world which *they* direct and

dominate, they will call the "free world". Everything opposite to monopoly capitalism, their numerous propaganda organs will proclaim as "slavery". That which is opposite to "free enterprise" monopoly capitalism (i.e., Socialism and planned Socialist production) they will proclaim as dictatorship and totalitarianism. So that on this monopoly capitalist basis you will get a planned economy, planned in the interests of those mighty magnates who control it, who plan for themselves to be multi-multi-millionaires, while they plan for the great mass of the working people to be kept in permanent poverty, and they also plan for a quota of millions of them to be kept in unemployment. That kind of society is planned, of course. Planned on a monopoly capitalist basis. Go and stay in America (if you can get in) if you wish to see an example of the reality. But if you are a person qualified to understand what you are looking at, they won't let you in! In this type of society you would be dangerous! All types of capitalist countries partake of attributes of the type of society just described. And the more they come under American domination, the more they partake of them. They are the attributes of a planned economy on a monopoly capitalist basis—planned economy of the monopoly capitalists, by the monopoly capitalists, for the monopoly capitalists, and foisted on the people.

Planned Socialist Production is the opposite. It is economy planned for the people, by the people, for the benefit of the people. But that can only be realised when the *basis* on which such planning is founded is *Socialist.*

What does this mean?

It means that production planned with the express purpose of raising, and constantly raising, the material and cultural standard of the great mass of a nation's people, can only be carried out when the whole economic machine of production and distribution is owned by the people and directed by their representatives, truly concerned to carry out the people's welfare. That is to say, planned production to provide the people's best material and cultural welfare is only possible on a Full Socialist basis. And the first and necessary step towards the latter is: planned production on a Transition-to-

Socialism basis.

The USSR is now planning on a Full Socialist basis. The Eastern European countries are planning on a Transition-to-Socialism basis.

Is it possible to say of what this Transition-to-Socialism basis consists?

It is. As far as these Eastern European countries are concerned it consists, from the economic point of view and in the first instance, of two things: Land Reform and Nationalisation of the major instruments of Industrial Production and Economic Distribution.

Land Reform means breaking up the large estates—all land holdings of over certain stated acreages—and distributing the surplus among landless labourers wishing to become farmers and small peasants (i.e., farmers) having extremely small holdings.

This, of course, is not a measure of Socialism, but in many ways the opposite of Socialism. It is a multiplication of private property owners. It is carried out as a step, a step found advisable and necesary in predominantly semi-feudal-agricultural economies, towards co-operative and collective farming.

By Nationalisation of the major instruments of Industrial Production and Economic Distribution is meant nationalisation of all financial, power, transport and communication enterprises, and all mining, manufacturing and trading enterprises, employing more than a stated number of workers (e.g., 50 in Poland, 10 in Hungary). It also means very definitely bringing the dissemination of news and culture under public control in such a way that the ends of truth, democratic principles, and the public welfare are thereby primarily served.

In this way the power of the large landowner (one of the most reactionary influences in any country) is neutralised, rents of tenants are lowered and become taxes, so that both the old and new farmers are given a new incentive to increase their incomes by producing as much as they can. Meanwhile, the major portion of industry is brought under State control, enabling National Production Plans on economically

scientific lines to be formulated and carried out over the whole industrial sphere to raise production yearly by considerable percentages. Planning also enters to an extent into the agricultural area by means of a law compelling all farmers to sell a certain percentage of kinds of stated produce to the State at fixed prices. When all industry is nationalised (i.e., transfered to the possession of the whole people of the country) and all individual farms are transformed into co-operative or collective farms (in which case farms can be set to work to carry out farm plans), then an all-in National Economic Plan can be framed to cover the whole national economic activity with the object of steadily raising the general standard of living as rapidly as considered socially possible and convenient.

That is to say, the ultimate basis of National Plans of Economic Production for the purpose of constantly raising the general standard of living of a country's whole people is full Socialisation of Land and Industry. And the first steps towards this, certainly in predominantly peasant countries, but maybe in all countries, are Land Reform and Nationalisation of the major instruments of Industrial Production and Economic Distribution.

Experience has shown, in the case of the Eastern European countries, that, where both these reforms have been carried out satisfactorily and with vigour to begin with, the Production Plans are carried out satisfactorily, with enthusiasm and little hindrance—in fact, they are overfulfilled. Where these Land Reform and Nationalisation measures have not been carried out sufficiently vigorously, footholds to sabotage and counter-revolution have been provided, which have been used in attempts to hinder and disorganise the Plans. In fact, in these circumstances vigorous and violent efforts have been made to prevent the passing of the Land Reform and Nationalisation laws, which are indispensible for the successful operation of the Plans; or, if these have already been passed, to take steps to neutralise or damage their working efficiency; and in this way to disorganise and disrupt the Plans, with the aim of destroying confidence in and unseating the Governments responsible for them.

From this arises the question: Is it necessary to have in

operation drastic land reforms and complete or fairly complete industrial and economic nationalisation before being able successfully in any country to carry out Plans of National Production for the main purpose of constantly increasing the people's standard of living? In other words: Is practically equalitarian land reform and almost complete nationalisation necessarily a prerequisite before planned economy—planned eonomy with Short-Term, leading to Long-Term, Plans, such as we have been considering—can be embarked on with success? This is an interesting and important question, for we are living in a world more and more of which is being faced with this problem.

The answer seems to be this. It is *possible* for a country successfully to carry out a planned economy, such as those we have been considering, on a *partially* socialised basis, *if those controlling the non-socialised sector of land and industry are willing to co-operate to carry out the Plan in operation, or even can be definitely counted on not to act to frustrate it.*

On the other hand, if this is not the case, and if, on the contrary, those controlling the non-socialised sectors of land and industry are determined to do all they can to frustrate the successful carrying out of the Plans, *then in this case it will be necesary to carry out very full land reform and very drastic nationalisation before the Plans can be operated effectively.*

This is far from being an academic question. It is a question with which all those whose aim is Socialism are faced. It applies, in particular, to the leaders and leadership of the British Labour Party and other similar Parties. Because some of them have not had the courage to face it, and because others of them, who have the courage, have not had the imagination sufficiently to think out the situation in anticipation, they have, through these weaknesses, been driven back into the capitalist camp, in which after a time we find them mouthing all the capitalist shibboleths, which at the vital early period of their lives they most hated. When Labour leaders, calling themselves Socialists, have arrived at this stage, they can be said, not only to have sold out themselves, but to have

sold out their followers also, than which there is no crime more disgraceful in existence. It is the crime of "betraying those little ones". Leaders in power, calling themselves Socialist, who act thus, do so because they have not had the strength, courage and imaginative faith to stand up for their Socialist principles. When confronted with strong opposition and enticements, they let their Socialist principles go by the board. Thus this question of successfully confronting Socialist opposition, which faces all Left Governments in power, is so far from being an academic one, that the answering of it is today one of the most important, from a practical point of view, in existence. And there is today something more than theory with which to answer it.

The six Eastern European countries, whose postwar economic evolution we have been following, have all of them, of course, come up against this problem. The same problem has presented itself in different ways in each of these countries. And all of them have finally jumped its hurdles and are progressing, as we have seen, pretty satisfactorily. The answers their various experiences in this direction give to this problem, constitute one of the most precious and valuable lessons we have to learn from them.

Now how are we to absorb this lesson? We are not setting out to write a book on the transition-to-Socialism of the Eastern European countries. Not that such an occupation is not most important. It is. And to those who wish to study it in detail, we recommend Dr. Doreen Warriner's *Revolution in Eastern Europe,* which deals with some of these countries' earlier struggles in this direction. It is refreshingly objective and written with a certain understanding of the hard facts of Socialist economics (which Socialists would be well advised to study). But we cannot turn this whole work into a book on the subject. Yet we need to understand when, how, and under what conditions certain basic events have taken place in the six countries in question. How are we to do this?

Again, we have found a way of doing this by expressing events that have happened in a tabular form. The most critical period in the Socialist transitions of the Eastern European countries was the period, 1944-1949. Thus we have prepared

a Chart, on a background of the six-year period 1944-1949, divided up horizontally into years and quarters of years, and divided vertically into six columns, one for each of the countries in question, on which we have indicated for all these countries:

(1) the dates of their Land Reforms;
(2) the dates of their Nationalisation Laws;
(3) the dates of the beginnings of their Short-Term Plans;
(4) the periods in which particularly strong political opposition and attempts at sabotage developed.

We suggest that readers take a good look at the Chart to familiarise themselves with its general character and lay-out and the meanings of its symbols, after which we will endeavour to interpret the details, which are of course founded on realities that happened. This is the Chart of the successful Socialist transition of the six Eastern European countries. To all true Socialists, to all who have not dropped, lost or been weaned away from, their Socialist ideals, this Chart should have a special meaning and significance. We regret that funds do not allow this to be turned also into an extensible page, for readers will perhaps want to refer back to it as the explanation proceeds. We suggest putting a bus ticket or book-mark to keep the page, so that reference backwards can be made easily, whenever necessary:

CHART
SHOWING THE MAIN TRANSITION-TO-SOCIALISM EVENTS IN THE EASTERN EUROPEAN COUNTRIES IN THE 1944-1949 PERIOD

LR = Land Reform Law
LR(1) = First Land Reform Law

NI = Nationalisation of Industry Law
NI(1) = First Nationalisation of Industry Law

Strong Horizontal Lines = Beginning of Short-Term Plan
Double Horizontal Lines = End of Short-Term Plan

Screened Portion = Strong Political Opposition
Darker Screen = *Very Strong Political Opposition*

Years in Quarters	POLAND		HUNGARY		BULGARIA		CZECHO-SLOVAKIA		RUMANIA		EASTERN GERMANY	
1944 I												
II												
III	LR											
IV												
1945 I			LR						LR			
II												
III							LR(1)					
IV								NI(1)			LR	
1946 I		NI										
II					LR							
III												NI(1)
IV				NI(1)								
1947 I												
II												
III												
IV				NI(2)		NI						
1948 I				NI(3)			LR(2)					
II								NI(2)		NI		
III												
IV												
1949 I												
II												
III												
IV				NI(4)								

7.

EXPLANATION OF THE TRANSITION-TO-SOCIALISM CHART OF THE EASTERN EUROPEAN COUNTRIES.

It will be noticed that, in the column of each of the countries, the passing of Land Reform Laws is indicated on the left and of Nationalisation Laws on the right. All countries except Czechoslovakia passed pretty strong and comprehensive Land Reform Laws before 1947, confiscating all private holdings above a maximum of 50-250 acres (the maximum varied with the country), and dividing the greater part of the result among landless labourers and 'dwarf' peasants (i.e., peasants with very small holdings), while turning the remaining portions into State farms for training agricultural personnel, stock breeding, State farming, and other purposes. Both Czechoslovakia's Land Reform Law of July 1945 and Nationalisation Law of October 1945 were passed to implement the Kosice Programme, agreed upon when the new shadow Government of Czechoslovakia entered Slovakia in 1944 before the end of the war. It was an agreement between the five Parties of the former Republic which had not collaborated with the Nazis. The clause in question stipulated that "all property, including industrial property and land, belonging to German and Hungarian nationals and to Czech and Slovak traitors and collaborators, would be confiscated and taken into State ownership". Following this, Czechoslovakia's Nationalisation Law was limited to the expropriation of enemy and collaborators' property, except that heavy industry, banking, and insurance were also by agreement between the five Parties brought under popular control. Otherwise private enterprise was encouraged. The Czechoslovakian Land Reform Law also only allowed confiscation of the land formerly held by Czech and Slovak collaborators. Outside these transformations, Czechoslovakian landowners and industrialists, of whatever size, retained their land holdings and their industrial enterprises.

It will be seen that it was still under these Kosice Programme laws for land and industry (which allowed land-

ownership in Czechoslovakia to remain practically what it had previously been, except in the Sudetenland and the Hungarian parts, and which left much of industry, all trade, and all building still in private hands) that Czechoslovakia set out on its Two-Year Plan, 1947-48, on January 1, 1947.

On the other hand, the case of Poland, which started on its Three-Year Plan on the same date, was quite different. Poland had passed its Land Reform Law in September, 1944. This laid down maximum holdings for the old territories in Poland of 125 acres and for the new territories of 250 acres. All holdings above these maxima were confiscated and large portions divided amongst landless labourers and dwarf-farm peasantry on some basis approximating to equality, and other parts set aside for State farms for large-scale farming, experimental farming and farm training purposes. While by the Polish Nationalisation Law of January, 1946, the State took over all mining, industrial, transport, banking, insurance and commercial enterprises that had been the property of Germans and collaborators, without compensation; all other enterprises in mining, power, communications, armaments, sugar, textiles, printing and flour-milling, with compensation; and all other factories employing more than 50 workers. This was pretty comprehensive, only leaving some concerns employing less than 50 workers in private hands. It was under these conditions, almost a complete year after this last Law had been passed, that Poland started off on its Three-Year Plan, 1947-1949, on January 1, 1947.[1]

You thus see the difference of conditions under which these two countries, Poland and Czechoslovakia, started out on the same date on their initial postwar Short-Term Plans on a transition-to-Socialism basis. The particular circumstances in which all six of these Eastern European countries did likewise were different, or had peculiar facts about them, in each of the six cases. Let us briefly consider what the peculiar circumstances were in each case. A comparison between them will later be enlightening. Our Chart will aid us in briefness.

However, in order to adequately understand the following

1 The Polish Law of January 3, 1946, on the Nationalisation of the Key Branches of National Economy opens as follows: "In order to reconstrurt the national economy in a planned manner, ensure economic sovereignty to the State and raise the general level of prosperity, the State, by this Act, will take over the ownership of a number of enterprises".

facts and evolutions, there is one element in the situation, applying to all these six countries except two, which it is extremely important to have in mind first.

There are certain screened areas very noticeable in the Chart. These represent, the Chart tells us, "strong political opposition" and, the still darker screen, "very strong political opposition". Whence came this opposition? Of course, from the most anti-Socialist elements in the countries in question—that is, from large capitalist and large landlord elements and influences, where these still existed. When the economic basis of their power ceased to exist, the power was removed from under them. That is why they fought to keep their sources of power before these were removed from them. But in this battle they were not fighting alone. The Embassies of the countries of the capitalist world—especially those of the USA and Britain—urged them on to fight. Many of these former secondary capitalist elements in these countries, left to themselves and appreciating the strength of the forces ranged against them, would have been willing to compromise and even, if the way were made reasonable for them, to cooperate with the forces they saw could no longer be overcome. However, the dominating landlords and capitalists in these countries were not willing, of course, to give up without a fight. Most of them were now emigres, bringing pressure to bear through their London and New York "governments" hundreds and thousands of miles away from their own countries. But the Governments of these countries in which these shadow "governments" sat, had Embassies in the capitals of five of these six European countries. Very much so they had! These Embassies not only very kindly took on the job of acting as representatives of the shadow governments in London and New York, which they looked on as the real and proper Governments of the countries in which their Embassies were situated, they were also acting as the representatives of the capitalists in their own countries who formerly owned mines, factories, and profitable enterprises in the countries to which they were accredited. Moreover, to sit idly by, while the Eastern European countries made a transition to Socialism, was something fundamentally antithetical to the State and Foreign Office Departments of the two countries in question. Thus the transition to Socialism in five

of the Eastern European countries in question had not merely to counteract the opposition of the capitalists and landlords of these countries, it had in addition to counteract that of the American State Department and British Foreign Office, acting both directly and through the vigorous aiding, abetting, and instigating of the capitalist, landlord, and any other oppositional material they could find, to hold up the Socialist changes being made in these countries.

Of course, if these countries had been left to themselves, their Socialist transitions could perhaps have been carried out, as Benes had quite possibly visualised, piecemeal, more slowly, without shocks, and maintaining as much as possible of the liberal tradition (such as there was of it) of those countries—a transition in which the very top capitalist-class would, as a class, have been definitely and firmly eliminated to begin with, but in which many of the middle-class (who, of course, have many capitalist attributes about them) would have been got to co-operate with the working-class to bring about the change. In this way the peculiarly developed liberal culture of each country (such as there was of it) would be preserved, and the transition to Socialism would be carried out steadily, progressively, easily, constitutionally, without shocks.

Maybe, that idea has a certain calm beauty about it and (who knows?) it might have proceeded thus—if there had been no Embassies representing the American State Department in the capitals of the countries concerned. Or even if the British Foreign Office had been dominated for the first years after the war by a British Foreign Minister with even a mildly Socialist outlook. As it was, British postwar Labour Foreign Ministers slavishly followed the path of Churchill, which means that they were never tired of licking the boots of the American millionaires. So the US State Department has been left to decide how its own and Western European Embassies should act in Eastern Europe. They have tried every non-wartime means they can concoct of hindering, withholding, turning back the Eastern European Socialist transitions. Acting on their own at a hopeless disadvantage at that distance, they have, through their own and other Western European Embassies, stirred up all the capitalist and landlord elements they can to resist, and poured out money without stint among the Right-wing group of politicians on the Left,

who sell out their principles dearly. All of which has inflated resistance to the Socialist transitions in these Eastern European countries to the utmost; encouraged the Rightist extremists to extremes of resistance, and the buyable mock-Left politicians to contract out with the aim of upsetting their Governments at critical moments. The result has been that the activities of the State Department, backed up by the British Foreign Office, have made the Benes mode of Socialist transition in the Eastern European countries impossible. It is with this in mind that we must view the Chart. This action of the State Department has naturally caused the Eastern European Governments to act with greater vigour to quell the American-inflated opposition in their own countries than they would normally otherwise have had to use. Whereupon this result, accruing from the subversive activities of their own Embassies, the American press and its British imitators have immediately proclaimed as dictatorship. Such have been the postwar British and American activities behind the iron curtain. Let us now, with the help of the Chart and other knowledge, follow the postwar Socialist transitions of these Eastern European countries, from left to right, beginning with Poland.

8.

SPECIAL FEATURES OF THE SOCIALIST TRANSITION IN POLAND

Poland was the country first attacked in the war. Warsaw was smashed up and the country overrun. There was a large Jewish population in Poland. And the Poles were Slavs. Two reasons which earned the special hatred of Hitler. So the Polish casualties were especially heavy. Millions were put to death in cold blood by foul mass-murder methods devised by Hitler and his associates. And the Germans in their retreat in Eastern Poland carried out their scorched-earth policy with especial thoroughness. Warsaw was left a shell and the Ghetto part (the Jewish quarter) pulverised to powdered rubble. In the west of the old Poland the destruction was not

so complete as in the east because, when the time came for the Nazis to carry out their destruction there, they were running more quickly. The new Poland, still more to the west, is in better condition, because it was the old Germany—Silesia, with valuable coal mines and factories. But this old Germany several hundred years previously was a still older Poland. Hitler opened the war with his attack on Poland. The Poles were the longest of all peoples in the war. And with this and the inhuman death-chamber policy practised against them, their proportional losses were much the greatest. The Poles ended the war with a population loss of 10,000,000, from that with which they started. It was only right that mass-restitution should be made for these mass crimes.

Up till World War I, Poland was a colony of three different empires. Part was possessed by the Russia of the Czar, part by the Austria of Kaiser Franz Josef, and part by the Germany of Kaiser Wilhelm II. World War I liberated Poland from being the divided colonial possession of three foreign Emperors, and it was given a politically democratic constitution, complete with universal voting rights and with the most up-to-date methods of proportional representation. But this great country of peasants and landless labourers was left under the same landlords as previously; while Polish industry, such as it was, was possessed in the capitalist way and, as time proceeded between the wars, more and more of it seemed to get into the hands of the Western world capitalists. Thus the real power in Poland passed from the Kaisers' and Czar's minions to the great Polish landlords (amongst whom to become military was considered grand and fashionable) and to a smaller number of the larger Polish capitalists and their Western foreign controllers and sponsors. After 1926 Poland came under the complete control of a soldier member of this Polish landlord class, Marshal Pilsudski, who became the dictator of Poland. Instead of being split into three parts, each of which was under suppressive foreign control and rule, Poland was now unified under a single military leader, representing the top landlord-military clique, whose rule was only a little less suppressive than the former. After Pilsudski's death in 1935, the real power in Poland passed to what became known as the "colonels' clique." Thus the great mass of land and town workers in Poland had been transferred from the

suppressive and colonial rule of foreign imperial States only to be handed over to the tight domination of a self-appointed clique of Polish colonels. It would hardly be surprising if they came to the conclusion, as most of them did, that their lot before and after World War I had not altered much. In relation to themselves, only the nationality, but not the aims, of their top rulers and masters had been changed. Both kinds lived from exploiting them. After World War II the opportunity of permanently altering this situation was offered to them. And they seized it.

What happened in the Poland that resulted?

We have seen that, at the end of 1944, the new Poland had passed a vigorous Land Reform Law and a pretty inclusive Nationalisation Law in 1946, before setting out on its Three-Year Plan in January, 1947, (see Chart). That is to say, the whole Polish people now possessed the ownership of practically their whole economic-industrial machine, while the farming land of Poland was split far more equitably among the Polish peasantry than it had even been before. An ambitious Three-Year Plan had been worked out to raise the Polish industrial production 50% above prewar, agricultural production (whose war losses in livestock in particular had been alarming) to 80% of prewar, and the general standard of living to prewar level again. Naturally, this was an end which the majority of Polish people thought desirable—the most desirable they could think of. Of course, the capitalist and landlord remnants in and out of Poland did not see it like this. Nor did the American and British Embassies in Warsaw and their bosses in the State Department and Foreign Office at home. They realised that a tremendous and final effort must be made to stop the Three-Year Plan before it was started. Mikolajczyk, the Polish peasant leader, who had been in London through the war as a member of the Polish London "government" and had returned to Poland after, became the instrument of this opposition. Poland's first effort at planned economy in the form of a Three-Year Plan, 1947-49, was to start on January 1, 1947, while national elections were to take place a few weeks after. Egged on by the American and British Embassies, Mikolajczyk suddenly resigned from the Polish Coalition Government, in which he was leader of the Peasant Party, and in October 1946 went into opposition with the aim of gaining a majority in the coming election (see

Chart). This was the last real chance of halting the Polish transition to Socialism. Mikolajczyk was badly beaten in the election, and towards the end of the year disappeared out of Poland, turned up in London and finally ended up in New York. Whereafter the Polish people had no impediment to putting their whole effort into their Three-Year Plan for greatly bettering their own conditions. This they did, and had already overfulfilled their ambitious Plan in 2 years and 10 months. At the end of the third year, 1949, they had overfulfilled their industrial productional target by 25% in terms of prewar measurement, and raised their general standard of living 26% above prewar.

The conspicuous success of their first planning effort naturally encouraged the Polish people to start out in good heart on their still far more ambitious Six-Year Plan, 1950-55, by which they aim to increase their industrial production 158%, and their standard of living 50-60%, above their already splendid Three-Year Plan achievements of 1949. At the end of the third year of their Six-Year Plan, they have great gains to record. Glance at the Main Table with Extension and see. At the end of 1949, they had more than doubled their 1946 industrial production with their Three-Year Plan, 1947-49. At the end of 1952, the third year of their Six-Year Plan, 1950-55, they had almost doubled their 1949 industrial production, thus more than *quadrupling* their 1946 industrial production. In spite of the fact that farming production in Poland has been unable to keep pace with its outstanding industrial production, its farming achievements are also impressive. Present Polish farm production is some 40% higher than it was before the war, in spite of the fact that the number of peasants engaged in farming is about 46% less. The tremendous unemployment in Poland before the war, especially on the farms, has been entirely liquidated. Unemployment in Poland has been completely eliminated. All available labour has been absorbed into the tremendous task of completely reconstructing modern Poland.

It would require at least a book to adequately describe new Poland's remarkable postwar achievements. We have only space to describe two of them.

The two most completely destroyed large towns in World War II were probably Stalingrad and Warsaw. The Nazis had already ground the Polish Ghetto to dust before they set

out systematically to do the same with the rest of that city, and they were only prevented by the pace at which they were eventually forced to retreat by the Russian advance. The Polish Ghetto had been pulverised to dust so completely that it was quite impossible, without a tremendous work in clearing, to trace what part previously had been building and what part street. The whole was one great mass of pulverised dust and rubble. Practically all the remaining part of Warsaw consisted of empty shells of houses. The sight of it all was so hopeless and distressing, that the new Polish Government after the war had decided to rebuild a complete new Polish capital somewhere else.

However, many Warsaw citizens had insisted on ekeing out life in the underground ruins of their former capital city. They refused to move and, with their bare hands alone almost, started to rebuild their city anew. When the new postwar Polish Government at length realised that so many Warsaw citizens were passionately engaged in this courageous effort, that Government, with the scanty means then available, began to offer them every help it could. So it was finally decided to rebuild the new Warsaw on (and indeed partly from) the ruins of old Warsaw. For special kilns were eventually designed in which old rubble was turned into new bricks. Then the best Polish architects were collected, and a new plan for the new Warsaw was carefully worked out. It was decided to carry out the rebuilding of Warsaw along two main lines. The former Warsaw, of course, had been one of Europe's cities with a long history. It had contained many treasures of old architecture—ancient churches, beautiful old palaces, a number of streets and squares, some of ancient, some of distinctive, architecture in the Polish tradition, particularly dear to Poles. It was at length decided that these architectural treasures of Warsaw should be restored and rebuilt as near possible to the originals. Thus Warsaw's 14th. century Cathedral, its medieval Old Town Market Place and other ancient monuments, and its later sumptuous palaces, have been or are being reconstructed as before. Of course, princes, kings, and nobles will no longer occupy the palaces. They have been and are being rebuilt for the Polish people. Polish people like good architecture—for themselves. The palaces will become, some have already become, clubs for workers, palaces for pioneers (childrens' clubs), though the

reconstructed churches are still being used as previously.

All the other part of former Warsaw, which was not noteworthy for its architecture but much of which was in the nature of slum, is being entirely rebuilt as good, modern-type workers' estates, with an abundance of schools, kindergartens, creches, hospitals, theatres and so forth carefully interspersed, that never existed before. Everywhere workers' flats of varied and excellent design are going up, containing "all the modern conveniences"—bathrooms, central heating, lifts, gas and electricity and so forth. One of the largest and most beautiful of these workers' estates is called Marszalkowska. It contains a huge square with what must be two of the largest and most beautiful lamp-standards in existence—slightly reminiscent of, though much larger than, those round the Paris Opera. While the flats round the great Marszalkowska Square (which is arcaded) are an example of splendid and beautiful architecture. Incidentally, the champion bricklayer of this Marszalkowska estate was given one of the new flats in and overlooking Marszalkowska Square, to the construction of which he had made such an important contribution. And this lovely square, officially opened on July 22, 1952, the day on which the new Polish Constitution was proclaimed, was in honour of both, rechristened Constitution Square. Somewhere between one-third and one-half of Warsaw has already been rebuilt in this manner—the freshly-designed, good new with bits of the carefully restored, good old. Such is the spirit of New Poland.

Another great project of Poland's Six-Year Plan is the building of Nowa Huta, near Cracow. Nowa Huta is a complete new metallurgical combine (a growing sequence of factories having metal-making as a starting-point), with a complete new town attached. A complete new city, in which to make steel and steel products and to house the steel and other workers that go with it, is being set up anew from plan —including kindergartens, cinemas, theatres, restaurants, and other edifices for civilised needs, all being given their place in the original design—the whole thing planned and started from scratch. Nowa Huta (which means New Hearth) will produce 1½-million tons of steel per year—an amount equal to the combined total annual output of Poland's prewar iron and steel industry. This great Nowa Huta project is already half finished, and is one of the Six-Year Plan's tasks, i.e., to

be completed by the end of 1955.

There is lots more in the realm of education, culture, art, sport, and so forth of a like interesting nature about the new Poland (for the Polish people are very gifted artistically), but unfortunately we have no space for it here. We have merely sought to sketch in barest outline part of the splendid transformation (and at a hitherto undreamed-of speed) that is taking place in Poland—previously one of the most damaged countries coming out of the war—as the result of its postwar transition-to-Socialism.

9.

SPECIAL FEATURES OF THE SOCIALIST TRANSITION IN HUNGARY

As far as the mass of its people were concerned, Hungary had been one of the most unfortunate countries of the inter-war period. Whereas after World War I most of the other Eastern European countries had had land reforms of a very modified sort, Hungary had been an exception. Hungary, predominantly an agricultural country, had been a country of huge estates, in which .1% of the landlords (themselves a tiny minority of the population) owned in large estates 30% of the land area of the country. Within a year of the end of World War I, it had become a tightly controlled fascist dictatorship under Admiral Horthy. This dictator and his ministers later tied Hungary's fate to Hitler, who referred to Hungary as his "best ally". This was probably true of the Hungarian large landowners and large industrialist classes. But it was certainly not true of the masses of the Hungarian people. They had no wish to live permanently under regimes and conditions that kept them barely alive, in a country whose land is some of the most fertile in Europe. So when their fascist Government and its dupes were knocked out by the war, and the people themselves had the opportunity for the first time of taking control of their country for their common welfare and benefit, they seized the occasion with enthusiasm. In the later stages of the war, the Nazis had

come in and taken over before the Russians had arrived at the Hungarian borders, and the final contest, when it took place in Hungary itself was very bitter. Fighting round the industrialised and (in parts) beautiful city of Budapest was long and fierce, and the destruction wrought considerable. It has been calculated that in Hungary about one-half of the national wealth was destroyed during the war, including over one-third of all industrial equipment and more than two-fifths of the cattle. All this required to be made good, especially the great Danube bridges, all of which had been destroyed and which from the communications point of view, not only of Budapest but of the whole country, were basically important. Well, the Hungarian people, who after the war set out to transform their former semi-feudal-capitalist economy to a Socialist one, have gone far in achieving their aims. Turning to the Main Table with its Extension, we see that in the ten-year prewar period, 1929-38, Hungary's industrial production increased by 27%, whereas in the postwar six-year period, 1947-52, it increased by over 300%! While in the *first three years* of its Five-Year Plan, 1950-54, that country has *more than doubled* its industrial production.

What has been Hungary's evolution to this condition?

The path of Hungary's Socialist transition differed slightly from that of Poland. Hungary's Land Reform Law was passed in March, 1945. This was particularly important in the case of Hungary which, unlike the other Eastern European countries, had had no land reform, even of a mild nature after World War I, as we indicated. By the end of 1946, the coal industry, the bigger power plants and the five biggest industrial concerns had been nationalised, but banking, trade, and a large part of industry were still in private hands. A Bill to nationalise the Big Five Banks, three of which controlled 75% of Hungarian industry, was brought forward by the Left Parties of the Hungarian Coalition to be passed in the spring of 1947, before Hungary's first planning effort, its Three-Year Plan, 1947-49, due to start on August 1, 1947, was to begin. Ferenc Nagy, the Prime Minister and leader of the Smallholders Party (a middle-class Party, after the war supported by the Hungarian reactionary landowners and capitalists), manoeuvred to postpone this Bill till the autumn, when the Russian occupation was to come to an end. In May, however, a reactionary plot was discovered between a former Hungarian

fascist organisation and Hungarian emigres in Austria, with which Nagy was found to be connected. It so happened that at the time the latter Minister was on holiday in Switzerland. He did not return to Hungary again, but like Mikolajczyk turned up in due course in New York. There is, it will be observed, a resemblance between the beginning of Poland's Three-Year Plan and Hungary's. The Hungarian plot with which Nagy was associated, represented Hungarian reaction's last effort to overthrow the Hungarian Socialist transition before the Hungarian Three-Year Plan could be got under way. Elections were due to take place in Hungary on August 19, 1947, shortly after the start of the Three-Year Plan on August 1. In these elections the Left Parties, headed by the Communist Party, got 60% of the votes. The Second Hungarian Nationalisation Bill was passed in November of 1947 (see Chart), and the Third soon after that in March, 1948, nationalising all enterprises employing over 100 workers. This brought 81% of Hungarian industry under State control. At the end of 1949 the Hungarian Parliament passed the Fourth Nationalisation Bill, which nationalised all enterprises employing more than 10 workers and all foreign-owned concerns. Meanwhile, after Nagy's disappearance and the winning of the elections by the Hungarian Left Coalition, the Three-Year Plan was entered into with great gusto by the Hungarian people for the same obvious reason that had caused the Polish people to put such enthusiasm into theirs—a desire to increase the national production of the country, which was now theirs and raise their own general standard of living. And that is what they did. Starting their Three-Year Plan on August 1, 1947, they had over-fulfilled it by substantial amounts in two years and five months at the end of December, 1949. That is to say, they had overfulfilled their industrial productional target by 26% of prewar measurement, bringing their industrial production to 53% above prewar. They had fulfilled their exacting agricultural production plan by 100.7%, which had demanded a 60% increase in crop and livestock production to bring it to 90% of prewar—and this in spite of the two drought years, 1947 and 1949. While their target to raise the general standard of living 8% above prewar, they had overfulfilled by 32% at prewar measurement, so that the general Hungarian standard of living, attained in the third year of the Plan 1949, was 40% above prewar. Then, having thus greatly

overcompleted their Three-Year Plan five months early by December 31, 1949, they immediately plunged into their still more ambitious Five-Year Plan, 1950-54, on January 1, 1950.

It is worth noting here that the Polish and Hungarian Socialist transitions were both based on the popular forces in both of these countries nationalising their industrial and economic machines, in the case of Poland before, and in the case of Hungary immediately after, they had each respectively set out on their first Three-Year Plans of Rehabilitation. This early and comprehensive nationalisation did not take place in the case of Bulgaria and Czechoslovakia, and this fact, as will later be seen, produced complications. But to return to Hungary.

Hungary's stepped-up Five-Year Plan ended up with the following main targets—to increase its industrial production in 1954 to 210% above 1949 (that is, *trebling* its 1949 industrial production), to increase its farm production by 54% above 1949, and its standard of living by 43% above 1949. This is much the most ambitious Long-Term Plan, industrial productional target of all those embarked on by the Eastern European countries. But the standard-of-living increase, it will also be noted, is proportionately the smallest.

Hungary, like Poland, is building a brand-new steel and metallurgical town called Sztalinvaros (Stalin-town). Its former great steel centre, Diosgyoer, was badly damaged as the result of the war. After the war with Soviet help Diosgyoer was rebuilt, renovated, and enlarged. With the result that the new power stations of Sztalinvaros, Inota, and Kazincbarcika, the new hydro-electric power-station at Tiszalok, the new river ports at Sztalinvaros, Balmazujvaros, Hajdunanas, and Hajduszoboszlo were all constructed with iron and steel from Diosgyoer. All of which indicates a great advance in the building up of Hungary's heavy industry.

Hungary is also building up her electric-power production. In 1938 out of a total of 3,400 Hungarian villages only 875 were electrified. By the end of the Hungarian Five-Year Plan (1954), it will be possible to supply electric current to all villages in Hungary. By 1954, Hungary will be producing 650 KWH per capita of the population annually. That is five times as much as in 1938.

Again take another example of the postwar expanding life in Hungary. Periodically, the large-circulation press

gives us accounts of the half-starved and unhappy conditions supposed to be operating behind the iron curtain. Yet at the Olympic Games at Helsinki in 1952, out of over 60 of the world's countries competing, Hungary, a country with a population of only 10,000,000 people, came third with 350 points, having amongst other numerous wins carried off the Olympic Games football and water-polo championships. In the autumn of 1953, the Hungarian champion football team came to England and beat an all-England team at Wembley 6—3. This was the first time for 90 years that an all-English team had been beaten at home by a Continental team. The British took their beating like good sportsmen and the British papers described the Hungarian play as "the finest display of football ever seen in this country".[1]

Very creditable for a small country, you may say, but what bearing can this have on Hungary's transition-to-Socialism economy?

Actually, a close one. To begin with, it would hardly be credible of a half-starved, unhappy people. On the contrary, since the war, the sports-keen Hungarian people, amongst their manifold construction activities, have been busy building splendid sports stadiums all over the country. Plenty of sports stadiums for the people, so that anyone anywhere in Hungary is able without too much difficulty to have access to one of them. Thus sports-training facilities were made easily available to all Hungarian citizens. This fact played a prominent part in producing the Hungarian sports' champions who figured so often and so prominently at the last Olympic Games and who have since delighted crowds in big cities all over the world. Meanwhile today, as one of their innumerable Five-Year Plan production targets, Hungarian workers are busy putting the final touches to their magnificent Budapest Sports Stadium to hold 110,000 people. Mounting Hungarian industrial production, increasing living standards, the building of schools, housing estates, libraries and sports stadiums for the Hungarian people—such are part

1 The London **Daily Express** wrote on the following day: "After 90 long and glorious years England were defeated by a Continental team. At Wembley Hungary gave a beating and a lesson to the old masters." While the London **Daily Mail** said: "Forget the Wembley Wizzards: salute the Magyar Marvels. The finest team ever to play football here not only sent England's 90-year record of immunity from defeat by a Continental team crashing in ruins, they set the pattern of our football for the future."

of the accomplishments of the Hungarian Socialist transition.

However, before we pass on from the Hungarian scene, there is an additional important occurrence that has affected that country, which must be noted. As earlier indicated, the industrial productional target of Hungary's Five-Year Plan had been raised to more than *treble* its 1949 industrial production at the end of the five-year period (i.e., for the last year of the Plan, 1954). This made it far the most ambitious Long-Term Plan, industrial productional target of any we have considered. Both its farm and standard-of-living targets for the same period were much more modest ones (see page 63). At the end of 1952, its industrial productional advances were running only a few points short of achieving its industrial productional target for that year—i.e., more than *doubling* its 1949 production in *three years*. Continuing at that rate, it was clear that Hungary's record-breaking industrial productional target of its Five-Year Plan would be achieved.

However, it also happened that 1950 and 1952, two of the first three years of its Five-Year Plan, had been drought years in Hungary, the drought of 1952 being particularly severe. This fact prevented its farm production targets in these two years from being realised, and at the end of 1952 much of its farm production was definitely lagging behind target. That meant that the food targets and industrial crops targets (cotton, flax, etc.) were not being reached. And both of these, of course, in turn prevented Hungary's standard-of-living targets from being realised. Thus Hungary, at the end of 1952, was achieving its world-record industrial productional targets, but in its much more modest standard-of-living targets, it was lagging behind.

In May of 1953, the Hungarian third postwar general election took place. When its new Government met in July of that year, the world was surprised to find that there had been Government changes. The former Minister of Agriculture (a man previously unknown to the West) had become Premier and there had been other ministerial alterations. In his opening speech to the new Parliament, the new Premier stressed the necessity of putting more energy into that part of the Hungarian economy that had to do with increasing the people's standard-of-living (i.e., farm production and light industry) and less, if necessary, into heavy industry. By the large-circulation Western world newspapers, which were

ignorant of the previously recorded facts and sequences, this was interpreted as an unaccountable change of line. What did this mean, they asked? Did this mean that the Hungarian regime was falling to pieces? That was, of course, what the owners of these newspapers would have liked to happen. Actually, it meant the reverse. The change of premiership and modification of line were due to the fact that it was recognised amongst the Hungarian leadership that the Five-Year Plan, as originally framed, had been wrongly balanced. It had set heavy-industry targets too high and standard-of-living targets (light industry and agriculture) too low. Or, otherwise expressed, it had planned insufficiently to counteract Central European droughts. Thus more attention needed to be devoted to agricultural production and the solution of its problems, and this might mean that the great attention that had hitherto been given to heavy industrial production (which was producing world-record advances in this sphere) would on this account have to be somewhat curtailed.

And who would be more suitable to see that this change or switch was carried out than the former Minister of Agriculture? A country which recognises its mistakes and corrects them does not fall to pieces. On the contrary, that is the way to stop it falling to pieces. And doubtless in Hungary many other improvement changes will be discovered and be made. Would that some countries we can think of (where wrong policies have been operating unchanged since the war) would follow this principle also!

However, it so happens that more light will be thrown on the possibilities and advantages of anti-drought planning (which is very important in Central Europe and still more important in Southern Europe), when we come to consider the next country on our Chart's list, in which drought until the end of the war had always been perennial.

10.

SPECIAL FEATURES OF THE SOCIALIST TRANSITION IN BULGARIA

Bulgaria is a country with an unhappy past. Its people liberated themselves from the cruel oppression of the Turks in 1878, only after to fall under a similar oppression at the hands of the military-fascism of their own kings. In the pre-war period the military-fascist regime of King Boris was particularly cruel and unscrupulous. To this regime the still more scientifically degraded methods of German Nazism were added during the war, when King Boris attached himself to Hitler's camp.

Before the war, Bulgaria was an almost unindustrialised country. What industry it contained was foreign-owned and foreign-run. Before the war, Bulgaria was almost entirely an agricultural country. Its people wrested their living from the soil. Wrested indeed—for, up to the end of the war, Bulgaria had always been an arid land, a land of scorching sun and insufficient water. Up to the end of the war, Bulgarian peasants from immemorial time had scratched a bare subsistence from their arid earth. Thus the mass of the unfortunate Bulgarian people were forced by their circumstances to engage in a hard twofold struggle—against a niggardly nature and against a ruthless social oppression: the second infliction holding them inflexibly tied to the first.

It is not therefore difficult to understand why September 9, 1944, is looked on by the Bulgarian people as a day of double liberation. In fact, that day started their liberation from both of these inflictions—cruel political oppression and fixed economic scarcity. The dictatorship of a cruel sovereign began to be replaced by the sovereignty of the people—of the people and the people's leaders. And modern industry and modern industrial methods, and modern agriculture and modern agricutlural methods, began to be introduced on a Socialist-transition basis, whose aim is to utilise and organise these productive means and methods for the welfare of the great majority masses of the people, the people as a whole. And both the new political and economic introductions began to operate at an almost breath-taking speed. Let us consider

the political transformation first. It will, as we shall see, usher in the economic transformation. The postwar political situation very soon entered a critical period of struggle. This is the period covered by the Chart.

The prewar Bulgaria of King Boris, run by a military clique, had been one of the most brutal of all the prewar Eastern European dictatorship regimes, and in it murder of individuals and groups had been used to remove its opponents without any scruple or hesitation. There had been practically no Bulgarian middle-class. Most of such industry as the country had had, had belonged to foreign capitalists and been run by foreigners.

The new People's Republic of Bulgaria passed its Land Reform Law later than the other Eastern European countries in April, 1946. This restricted landholdings to a maximum of 50-75 acres, confiscated the surplus and redistributed it in the same general way as the other Eastern European countries. The Bulgarian Fatherland Front (a Coalition of all Parties) had split after the return of Dr. Dmitrov in 1945. Dr. G. M. Dmitrov was the British Foreign Office's adviser in the Middle East during the war, and not to be confused with the Dmitrov with whom we are familiar, who was the Bulgarian and anti-Fascist patriot, who faced up to Goering with such courage during the Reichstag trial in Berlin. Dr. Dmitrov represented the old Bulgaria, Dmitrov the new. Dr. Dmitrov split the Fatherland Front when he returned shortly after the war and began to work for Western intervention. After a short period at operating this policy, he thought it wise to sail for the United States. In the Bulgarian elections of November 1945 the Agrarian Party, which Dr. Dmitrov had led into opposition and was now led by Petkov, boycotted the elections. The result was that the Fatherland Front governed without opposition till the next election in October 1946, which the Opposition this time contested and obtained a minority of 34% of the seats. Thereupon the Petkov Opposition protested against the conduct of the elections, in which it was, of course, backed by the US State Department and the British Foreign Office. Thereafter that Opposition created such wild hooligan scenes whenever the Sobranye, the Bulgarian Parliament, sat that no parliamentary business could be carried on. The Bulgarian Two-Year Plan was due to start on April 1, 1947, and the Bulgarian Nationalisation Act (which was a pretty inclu-

sive one) was tabled to be passed before that date, but for the mentioned reason was prevented from being made law. Undoubtedly, as in the cases of Poland and Hungary, the early prospect of a Nationalisation Act being passed and of a Short-Term Plan on a transition-to-Socialism basis being put into operation, had called forth attempted sabotage proceedings. On August 6, 1947, Petkov was arrested on the charge of conspiring with the Military League (a reactionary officers' group) to overthrow the regime. The US State Department and the British Foreign Office sent numerous protests while the trial was on, the British sending in all eleven. This was an attempt, of course, to force a decision to their own liking. Petkov was found guilty and sentenced and in September was executed. This made parliamentary business possible once more. Thus it was not till December, 1947, that the Bulgarian Nationalisation Act became law. That is to say, for the first nine months of the first year of Bulgaria's Two-Year Plan, the Bulgarian State and National Planning Commission had no adequate means of supervising and controlling the Plan's industrial production, and to this Bulgarian planning authorities attribute the fact that industry in the first year of the Plan achieved its targets by only 85%. In the second year, after the Nationalisation Law had come into operation, they somewhat caught up on their targets. Once the Nationalisation Law came into operation, the Bulgarian Minister of Industry immediately started to carry out a regroupment of plants, which gave very beneficial results from the national production point of view, but which would have been impossible previously. This experience also went to show how, in such circumstances, lack of centralised control, even in such a lightly industrialised country as Bulgaria then was, can hold up planned national economy. It also shows how, once Bulgarian industry was nationalised, it could more or less make good the loss. The Two-Year Plan ended by having increased Bulgaria's industrial production by 66% over prewar. Its farm production target was not fully realised on account of the 1947 drought, but its final figure was above that of prewar. While the general standard of living of its people had been increased by 30%. Encouraged by this effort, the Bulgarian people, still mainly peasants, set out on their first much more ambitious Five-Year Plan, 1949-53, whose targets will be found on page 62.

We now know that the Bulgarian people completed that Five-Year Plan in four years, much more than doubling their industrial production in this four-year period (i.e., increasing it by 138%), while having considerably raised their standard of living in the process (see pages 64 and 65 for figures). Can we get a more graphic picture of what this remarkable statistical achievement meant?

We can. For this is where we see the economic transformation beginning to evolve from the political one.

We indicated that the Bulgaria that came out of the war was, comparativley speaking, unindustrialised. We should also have indicated that much of Bulgaria is non-agriculturally productive mountain-rock. But we did indicate the particularly arid nature of what was actually the more fertile part of the Bulgarian countryside. Its more fertile regions gave forth little to much labour, because nature provided these with much heat and little water. Practically the whole country was parched. Water had always been scarce. Therefore the land yielded little. Very well, one of the main aims of Bulgaria's Five-Year Plan was to start making that country's infertile land fertile. For Bulgaria that aim had always been a dream. And the dream has begun to come true. How was it carried out?

The great river, the Danube, forms the greater part of the northern frontier of Bulgaria, and the Danube has a number of tributaries flowing northwards through Bulgaria into it. Bulgaria has plenty of rivers. The supply of water is there. The problem is one of dispersing and dispensing this constant flow of water more evenly over the countryside between the rivers. The whole system of damming rivers to form reservoirs or lakes or a series of reservoirs or lakes, from which: systematically to irrigate the surrounding country; to set up hydro-electric stations to provide the surrounding areas with cheap power for industry and homes; and, by raising the heights of rivers, to enable large-scale water-transport to operate for long river distances: is one of the most remarkable modern measures for enriching the agriculture and industry of the people in the country in which it functions—particularly if this system is carried out as a Socialist operation. This is what has been started in Bulgaria. As a result of setting out to operate this system as one of the main tasks of the Five-Year Plan, a number of dams: the Vasil Kolarov Dam, the

Stalin Dam, the Georgi Dmitrov Dam, the Rossitsa Dam, the Topolnitsa Dam, and the Studena Dam, have already been completed. These dams irrigate more than 400,000 farming acres. Of these the Stalin Dam on the river Iskar is the largest. It makes a lake about ten miles long, which irrigates and fertilises the whole Sofia valley.

In 1951 the large Stalin Chemical Combine was completed ahead of schedule, and this now provides chemical fertiliser to add additionally to Bulgarian farm fertility. So, before these swift and gallant efforts, the age-long aridity of Bulgaria is beginning to be broken down.

On top of this it is also important to note that, by the end of 1952, individual-family farming on over 60% of all Bulgarian farmland had given way to farming co-operatives—the process by which numbers of farming families join together with their lands to make large farming co-operatives in which their combined work is organised. The Bulgarian co-operatives, it is important to note, have not been forced, but are voluntary associations. They have grown rapidly, because it is now becoming recognised all over Bulgaria that they result in providing a better living to farmers. Actually these co-operatives have meant a considerable step forward in Bulgarian farm production, for co-operative farming with modern large-scale, mechanised means of production is much more productive than petty, individual-family farming with out-of-date and old-fashioned farming tools. The Soviet Union began by supplying the large-scale farming machinery, but Bulgarian farm machines of all kinds are now coming into production. So in the sphere of agriculture all round, Bulgaria has been doing a fine job—most of it the outcome of its Five-Year Plan, completed in four years.

Nor are Bulgarian efforts to build up its industrialisation lagging behind those to build up its farm fertility. Prior to September 9, 1944, there was virtually no machine-building industry in Bulgaria. Today that country is turning out powerful Diesel motors, heavy duty transformers, lathes, compressors, gas-generators, polishing machines, sheaf-binders, cultivators and other machines which in the past were imported from abroad. With the early completion of its Five-Year Plan at the end of 1952, Bulgaria's machine-building output had increased 109 times over that of its prewar 1939. At the end of 1951, it had completed the largest cotton-spin-

ing factory in the Balkan peninsula at Plovdiv. In the same four-year period the Vulko Chervenkov, the Stalin, the Republika, and a number of other thermo-electric power-stations were completed, and the Assentsia, the Petrovo, the Vidima, the Falkovets, and other hydro-electric stations were put in operation. While, not least in this remarkable Bulgarian evolution, is the fact that this small country, which before the war had scarcely any industrialisation, today has contracts to export machine-tools to the huge semi-continents of India and China.

And there is no doubt about the general standard of living having increased in Bulgaria. Food and industrial crops have considerably increased under co-operative methods of farming and under the improved irrigation conditions that have been described, and all this with fewer farmers. At the same time the wage fund, as the result of the great new industrial construction works of the Five-Year Plan, completed in four years, went up 75% in this period. While heavy industry was getting founded, light industry was also increasing the output of consumption articles. Unemployment has disappeared. More goods of all kinds are being produced than ever before, and everyone has more money to buy them with. Everyone? Well, perhaps not *everyone*. Not the former nobility. But, without question and without doubt, the overwhelming mass of the Bulgarian people.

11.

SPECIAL FEATURES OF THE SOCIALIST TRANSITION IN RUMANIA

After the war Rumania, amongst the Eastern European countries, was unique in that a king was still on the throne and reigning, when the country was liberated from Nazi domination. A king, it must be recognised, however constitutional and limited his powers, is the hereditary head of the old landlord, military, aristocratic, and later capitalist regimes, which it is the aim of Socialism to eliminate. It is true that a king in 1945 could no longer be what a king was in British Henry

VIII's day. But however much the powers of kingship are whittled away, he still, so long as he remains, represents the hereditary principle, that is, the aristocracy. He lives in great castles, in fact, has several of them, each of them with scores of large, lavishly laid-out rooms. Yes, even in a period of housing shortage.[1] And he is a centre and concentration point for the aristocracy, who are large landowners, many of whose families have intermarried with the largest industrialists. The king is the top and pinnacle of the hereditary and aristocratic system. The antithesis of the sovereignty of the people. The antithesis of choice by the people. The antithesis of Socialism. That is why the great landlords and capitalists want to keep kings so much. That is why they are so "loyal". It is difficult seriously to introduce Socialism, and impossible to implement full Socialism, with the trappings of kingship and the snobbery that automatically goes with it about the place. It was only after Michael left Rumania on December 30, two days before New Year 1948, that Rumania was able seriously to enter on its Socialist transition. No, Michael was not murdered. There was no bloodshed. He went out of the country with one, long, complete trainload of its treasures. Some of them were very precious. But what he left behind was infinitely more precious to the great Rumanian people. The country was now their own. Or rather, they were now able to begin to make the country their own, to take over its rich resources, and to begin to develop the productive life of the country on modern lines for the greater welfare and life enrichment of the great mass of the Rumanian people. And this immediately in the new year, 1948, they began to do.

Rumania's Land Reform Law, limiting landholding to a maximum of 125 acres and distributing the surplus between 800,000 landless labourers and 'dwarf' peasants, had been passed in September, 1945. In June, 1948, the chief industrial and transport enterprises of the country and all banking and insurance companies were nationalised. In the same year a National Planning Office was set up, data gathered for the framing of an economic plan, and industry sorted out into its various industrial groupings. In 1949 Rumania launched its first One-Year Plan, 1949, which at the end of the year was

1 Actually, the Rumanian royal family in 1947 owned in that country 29 castles and 114 palaces!

overfulfilled in many sectors, but not in all. We have certain details of this Rumanian One-Year Plan, 1949, but by no means all. The statistics of the first Plan were mostly in terms of raising national production above that of the previous year, 1948. But it was officially stated that the result of the Plan in the industrial productional field "considerably exceeded 1938". Actually, it was not at first known what the exact percentage of this increase was, for economic planning was then something entirely novel to Rumania. But this is no longer the case. Planned economy, with its exactness in economic measurements, has now become the rule in Rumania also. And we now know that in 1949, as a result of its initial One-Year Plan, 1949, the Rumanian people had raised their industrial production 16% above their prewar productional peak in 1938 (or by 24% measured in terms of 1929 production). Rumanian One-Year Plan, 1949, was immediately followed by Rumanian One-Year Plan, 1950, which raised its 1950 industrial production 37% above that achieved in 1949 (or by 56% in terms of 1929 production). And Rumanian One-Year Plan, 1950, was in turn immediately followed by Rumanian Five-Year Plan, 1951-55, a far more ambitious project.

Rumania's main hindrances to rapid economic progress were no longer internal class hindrances nor, being so near the Soviet Union, troublesomeness instigated by foreign Embassies. Its main hindrances were its own industrial backwardness in plants, and in people skilled to produce with them. Here again its proximity to the Soviet Union helped, for in providing and helping the production of machinery to the Rumanian people, in passing on instruction to them as to how to use it, and in introducing them to the master-art of Socialist planning, the Soviet Union has given to the Rumanian people real and lavish aid. And the Rumanian people have been good and enthusiastic learners and have profited by this help and instruction. This is made obvious if we glance in the Main Table with Extension at Rumania's industrial production figures. It will be seen that Rumanian industrial production leaped forward by reason of its One-Year Plan, 1949, and leaped forward again as a consequence of its One-Year Plan, 1950. It then started out on its first Five-Year Plan, 1951-55, in which its industrial target is to increase its industrial production by 144%. In the first two years of this Plan, it has already increased its industrial production by 58% (which is

the difference, in terms of percentage, between the index numbers 210 and 333 in the Main Table Extension), and is already talking about completing its Five-Year Plan in four years. What is more is that, in spite of the droughts of 1950 and 1952, its farm production is also forging ahead, so that its standard-of-living increases are keeping abreast of their targets also. Recent visitors from Rumania bear this out. The Rumanian transition to Socialism is going well. Let us describe some of it.

We have already described what we might call the reservoir-agro-industrial-electrical economy being carried out by Bulgaria. (The Soviet Union was the first country to systematically plan out this type of economy on a large scale, calling its colossal venture the "Transformation of Nature Plan".) Rumania has a Ten-Year Electrification Plan which is occupied with many of the same objects. The first half of this Electrification Plan is incorporated in its first Five-Year Plan and is to between double and treble its 1950 available electrical power in 1955. Dams on its tributaries of the Danube (on the opposite side of that river to Bulgaria) are being built. Some of them have been completed and have been the means of saving some of its 1952 farm production targets from depletion by the 1952 drought. The Rumanian Electrification Plan is big and ambitious and is being carried out.

Allied with its great Electrification Plan is another of its large Five-Year Plan projects—the construction of a Danube-Black Sea Canal. The Danube, running eastwards, forms the frontier between Rumania and Bulgaria from Yugoslavia up to the Bulgarian town of Silistra, which is about 100 miles from the Black Sea coast. That river then turns north and runs parallel to the Black Sea coast through Rumania till it reaches the river Prutul, when it turns east again and flows out into the Black Sea in an enormous silted-up delta, which is quite innavigable to vessels of size. By making a navigable, 45-mile canal direct to the Black Sea from Cernavoda (about 50 miles past Silistra), it will be possible to sail ships down the Danube right out into the Black Sea, cutting off the great river's last 300-mile, meandering course. This canal will create new great ports. It will also enable the irrigation of the previously barren Dobrudja, through which it runs, and the turning of it into a rich land of farms and orchards.

Now to make a 45-mile canal to take sizeable ships would be quite an undertaking for a highly industrialised country. Scantily industrialised Rumania began to set itself this task in its first One-Year Plan, 1949. It began the work with a lot of enthusiasm and enthusiasts and a lot of picks and spades. At this point the big Russian brother saw what was going on, and offered to lend a hand. That is to say, it sent along some of the world-record-size excavators, bull-dozers, monitors, and so forth, which it had specially designed for its own colossal Transformation of Nature project. And it sent along engineering experts and mechanics to instruct the Rumanians in how to use them. The Rumanians turned out to be apt pupils and very enthusiastic. And soon they insisted on building their own excavators, bull-dozers, and so forth—though not yet so big. In this also the Russians helped them. In fact, heavy industry in Rumania might almost be said to have been born from, and to have got its first impetus by, catering for the canal's needs. The imagination of the whole country had been fired by this project, and with a near-by friend who was generous with help, both in the provision of equipment and in instruction in how to use it, Rumania began to forge quickly ahead. So quickly, that that country's main present object is, like Bulgaria, to complete its already ambitious Five-Year Plan in four years.

One other of Rumania's Five-Year Plan projects should not be left without comment. It is significant that the largest of all the new buildings in Rumania—in fact, the largest building of any kind in Rumania—is its new "Scanteia", the great new Rumanian printing-works. It will probably be the largest printing-works in the whole of Europe when it is completed—before the end of 1954.

This is the kind of thing that happens when a people who, before the war, were one of the most illiterate in Europe, set out, with real transition-to-Socialism enthusiasm, to eliminate this condition. They build a colossal printing and publishing works-palace.

Every modern type of printing will be able to be carried out in Scanteia, for which the machinery of the most modern kind is being supplied by the Soviet Union (except for the celebrated book-stitching and book-binding machines from the German firm of Brehmer's). That is to say, daily newspapers, weekly colour-illustrated magazines, fine-art journals, novels,

school text-books and technical books and whatever necessary, in enormous quantities. Because of the modern type and efficiency of the equipment, huge editions will be able to be turned out at high speed and at moderate cost. This is one of the methods the new Rumania has adopted for transforming its former illiteracy into enlightenment—a rapid increase in schools everywhere and a monumental printing palace from which to provide mental nourishment to its people of all ages. Such are a few random glimpses of the transition to Socialism proceeding in Rumania.

12.

SPECIAL FEATURES OF THE SOCIALIST TRANSITION IN CZECHOSLOVAKIA

Czechoslovakia's transition-to-Socialism evolution has been more complex. Taking them as they stand (beside those of Rumania, Hungary, Poland and Bulgaria), the Czechoslovakian postwar production figures do not make such an impressive showing as the former. But these Czechoslovakian figures cannot be rightly understood by taking them purely at their face value. When we understand the facts behind the Czechoslovakian figures, those figures will alter in complexion.

There are three countries of all those considered in the Main Table, whose population has dropped as between postwar and prewar. These countries are Poland, Rumania, and Czechoslovakia. In all the others population has risen or remained more or less stationary. The Polish depletions, which are the most considerable, were mostly due to war losses and Hitler's gas-chambers. Rumania lost territory. Czechoslovakia lost a small amount of territory, but her main losses were due to her expulsion of 3,000,000 Sudetenlanders —the instruments used to bring about Munich. They were originally emigrated German-speaking Germans, mostly skilled industrial workers. Czechoslovakia sent the approximately three million of these back to Germany. That depleted

her former population of 15 millions by one-fifth, and those mostly skilled industrial workers.

The Polish and Rumanian depletions have not been economically felt. In predominantly agricultural and industrially backward countries, heavy unemployment generally develops on the farms. Under the old agricultural economies, with their huge landed estates and their primitive small-farm peasantry, much of the surplus produce from the large estates is sold abroad, while that of the small holdings, worked by primitive methods, scarcely supports the occupant peasant families. As population grows, the increasing number of land-workers starves between harvest-times and casual jobs on the big estates, and overpopulates and overburdens the small-peasant family farms. When the agricultural country begins to industrialise itself, the surplus land-workers rush to the towns to get industrial jobs. This feeds the growing industrialisation with workers, and helps to free the countryside of overpopulation and unemployment. The still predominantly agricultural economies of Poland and Rumania are, from the economic point of view, not likely in their early stages of industrialisation to miss some agricultural millions (though this condition is now rapidly disappearing).

The economy of Czechoslovakia, however, is not predominantly agricultural, but industrial. Her economic balance is much more like that of England, with the industrial sector much stronger than the agricultural. She has to import raw materials and a certain amount of food, and pay for these by manufactured exports. In fact, her general position much resembles that of England.

In a predominantly industrialised country with sufficient tools to employ all its workers, and especially when dependent on its exports for its imports, a noticeable withdrawal of workers (especially skilled workers) from the productive machine, where these had been in operation before, naturally makes itself felt. For a modern industrialised country in a short period of time to lose one-fifth or 20% of its industrial, skilled workers must naturally be expected to be greatly felt.

Noel-Baker, the former British Labour Government's Minister of Fuel, shocked many Parliamentary Members and Britain generally on November 20, 1950, when he informed the House of Commons that British coal stocks were so low

that the country would have to buy part of one week's output from the United States. Coal is one of the four commercial materials which Britain contains, of which there is more than sufficient for home use and a surplus available for export. Yet while these available coal resources are at present almost unlimited, British mined coal stocks had got so short that Britain was having to import some from abroad. The *Financial Times* on this occasion noted that: "Mr Noel-Baker attributed the fall in stocks .... to the increasing demand for coal, to higher exports, and to the fall in manpower." Here is an example of the effects that a comparatively small fall in manpower (work-available manpower) can produce. What about a drop of 20% in work-available manpower (skilled industrial manpower) in a nation? What effect would that be likely to produce? In the case of Czechoslovakia what had happened meant a sudden loss of one million workers. That would be equivalent in the British instance to a sudden loss of 3.3 million workers. If a comparatively small drop in manpower in the coal mines produced the result we have noted in Britain, what would be the national effect of a drop of 3.3 millions in British total work-available manpower? That is the parallel. Czechoslovakia dropped an equivalent percentage of its manpower to that, when it expelled its 3 million Sudeten Germans. Yet in spite of this, its national industrial production in 1948, three years after the war, was raised by 4% above its 1929 figure (to which after 1929 it had never got back in the whole subsequent interwar period). In the following year, 1949, in spite of its man-power shortage, its industrial production rose 21% above 1929.

However, this was not the only difficulty that Czechoslovakia in this period experienced. Most British people will still remember the summer of 1947. Such a hot, fine, rainless summer few in that country had, up to then, before experienced. Such heat and lack of rain were unusual for Britain, whose dampness is notorious. This increased heat and lack of rain in most of the countries of South and Central Europe (which are much hotter and get less rain than Britain does) caused a serious drought. Czechoslovakia was one of the worst, perhaps the worst, sufferer. It was the first year of Czechoslovakia's Two-Year Plan, 1947-48. The result was that in 1947 the following serious target shortages in the agri-

cultural sector of its Plan were registered: wheat production short by 42%; rye by 23%; potatoes by 49%; sugar-beet by 50%; and for the first half of 1948: beef by 42%; pork by 46%; milk by 38% (which also affected fats). These shocking crop and stock failures, besides playing havoc with the Plan's standard-of-living target, had serious repercussions in the food-canning and -processing industry by depriving it of most of its needed stocks of raw material. The Soviet Union in particular came to the rescue, but the unfortunate Czechoslovakian people had to trade many of their stock of manufactured goods they were expecting to enjoy themselves to supply the big gaps produced by the drought in the food they needed. So when we take into account the 20% loss of workman power and the somewhere around 40% loss of food through drought, it makes the Czechoslovakian early postwar production figures look quite different. Actually, in the normally basically important field of industrial production, except in building and food production, the Plan targets were achieved. And the basic intention of Czechoslovakia's postwar Short-Term Plan—to get the Czechoslovakian Republic back to prewar production level with a population 20% reduced as from prewar, in order to serve as a spring-board for much greater advances thereafter—was in its main lines generally achieved. What our Main Table's postwar Czechoslovakian figures do not reveal is the 20% of missing workmen and the effects of the 1947 drought.

There is, in addition, another side to this reduced population question, which should not be overlooked.

When in any country a national income of the same size as formerly remains for some reason to be distributed amongst a population considerably smaller than formerly, it follows that (other things being equal) every individual or the great majority will be getting an income greater than formerly. This will be even more the case if in the latter condition, the national income is being more fairly distributed than formerly. Both of these factors are operating in the new Czechoslovakia, and in addition its industrial production is now beginning to rise yearly by considerable proportions above its prewar level —at the end of 1952 being 100% above its 1937 level.

One of the main reasons for transforming a capitalist into a Socialist economy is because in a Socialist economy

the national income can for the first time be really justly distributed. Whilst Czechoslovakia has not yet completed its Socialist transition, the three factors indicated—lower population than formerly, higher national income than formerly, increasingly fairer income distribution than formerly—are operating to raise the general standard of Czechoslovakian living above its prewar level, and every year to raise its former higher level higher.

There are other facts about Czechoslovakia's position, which are different from those of the other four Eastern European countries, at whose records we have been glancing. Czechoslovakia is nearer to Britain than the other Eastern European countries both territorially and in general development. Far from being a country under dictatorship in the inter-war period, it was one of the more democratic democracies. Czechoslovakia has a great cultural heritage, with a history so enlightening and splendid that it is not generally known or written about—like some of the greatest events in British history.[1] Again Czechoslovakia was not a semi-feudal country (except in some parts of Slovakia), but a highly industrialised country with a well-developed industry. Before the war, the second largest heavy engineering industrial concern on the Continent of Europe west of the USSR (the Skoda works), and also the world's largest shoe factory (formerly Bata's), were in Czechoslovakia. In fact, in disposition of internal economy Czechoslovakia much resembled Britain, in that her industry overbalanced her agriculture. She depended on importing food and raw materials from abroad to enable her to turn these raw materials into finished articles, with which she paid for, or for which she exchanged, the former. And those who know history will remember that that great Czech, Hus, was first inspired by that great Briton, Wyclif.

There is another historical occurrence (more recent and not noble) which relates Czechoslovakia with Britain. That is Munich. The British Chamberlain Cabinet sold out Czechoslovakia to Hitler in one of the most shameful deals of history. One of the Chamberlain Cabinet Ministers, Runciman, was sent to Prague as an "impartial arbitrator" to carry

1 How many British (let alone other) people have heard of or know anything about John Lilburne, actually one of the most outstanding figures in all British history?

out the necessary threats and pressure from there during the proceedings. British people perhaps have forgotten that. But the Czechs haven't. That and their experiences under Hitler, which Munich played the major part in causing, helped the Czechoslovakian people to determine which way they were to go after the war. No one could say of them, as of the pre-war Poles, Hungarians, Rumanians and Bulgarians: "Oh, they were a country of ignorant peasants". They were the product of a so-called capitalist democracy like the British people. This is the country whose postwar history we have to examine. Quite naturally the great Western world capitalists were least of all anxious for a successful Socialist transition to be made in a country so much like their own. And so the US State Department in particular was by no means inactive in Prague. Now let us, with the help of our transition-to-Socialism Chart, study that country's early postwar political history.

As we earlier explained, the Czechoslovakian National Front Coalition had passed a Land Reform Law in July 1945 and a Nationalisation Law in October of the same year, arising from the 1944 Kosice agreement. The Land Reform Law did not apply to Czechoslovakian landlords and the Nationalisation Law was far from comprehensive, leaving much of industry, all trade, and building under private ownership. The Czechoslovakian Two-Year Plan, due to start on January 1, 1947, aimed to repair war losses and increase industrial production 10% above prewar, to raise the general standard of living throughout Czechoslovakia above the prewar level by 10%, and to exercise and strengthen the Socialist sector of industry.

Was this an aim likely to bring joy to the hearts of Czechoslovakian big landlords and capitalists, and their Western world equivalents? It wasn't and it didn't. But for the moment they didn't see what they could do to prevent it, for the Czechoslovakian postwar economic evolution on its existing lines seemed quite obviously to be progressing satisfactorily and smoothly. Already in the spring of 1947, following the beginning of the Czechoslovakian Two-Year Plan, its increases in both industrial and agricultural production were so perceptible that prices of a number of articles were substantially reduced, income taxes lowered, and a law passed granting free gifts of milk to children under six and

nursing mothers, while at the same time increasing family allowances. The immediate future seemed set fair.

But it was not to be. This was the period, remember, at which the US Government was trying to persuade the Eastern European countries—particularly Czechoslovakia—to let it provide them with Marshall Aid. At first Czechoslovakia, with so much of its cultural traditions and economic development tied to the West, hesitated. Here, weasel-words said, was an opportunity of financial aid that would help the more quickly to heal Czechoslovakian war wounds and increase its economic development even more rapidly still. And so said all the Right Parties and Right persons inside and outside the Czechoslovakian National Front Government. But help from US Government, which in reality meant its top Wall Street financiers and industrialists, at what cost? The people of the nation which experienced Munich, better than the people of the nation and nations which perpetrated it, were better qualified and primed to find the right answer. The Czechoslovakian Government turned the offer down. But the Cabinet were not united in this decision. Those who really wanted to maintain capitalism, whatever reason they gave or whatever the name of their Party, wanted to receive Marshall Aid. Those who really wanted Czechoslovakia to complete the transition to Socialism it had started on, refused to accept it. The Marshall Aid offer posed them with a fundamental test of faith. Marshall Aid and the risk of capitalist domination? Or no Marshall Aid and completion of the transition to Socialism? The offer was turned down, but the cleavage thereafter in the Cabinet was noticeable.

The date of that historical refusal was July 8, 1947—the middle of the phenomenally hot summer, which over large areas of Europe produced drought conditions. In Czechoslovakia, in the centre of Europe, the drought was most acute. In Czechoslovakia no one remembered the like. Owing to that drought summer of 1947 the Czechoslovakian Two-Year Plan crop targets were only 60% realised; for instance, wheat by only 58%, potatoes by 49%, sugar-beet by 50%, forage crops by 32%. Its repercussions were felt in the livestock products targets for 1948, which for the first half of the year were only realised: beef by 58%, pork by 54% and milk by 62%. This drastic failure in meat production in turn effected

the food industry (canned products) which in 1947 only realised its production target by 71% and for the first six months of 1948 by 83%. And naturally this drought seriously affected the Czechoslovakian Two-Year Plan's standard-of-living target. Much of the increase in industrial production which had been scheduled for home consumption, had to be sold abroad to make up for the gap torn by the famine in home food production.

The reactionary forces in Czechoslovakia seized on the effects of the drought as a Godsend to help them bring about the change back they wanted—and before it was too late. And, of course, the American Ambassador Steinhardt was not slow to take supporting action on this occasion. The large Czech and Slovak farmers (who had not been touched by the 1945 Land Reform) delivered their grain short, while they sold the balance on the black market, and tried to encourage the small farmers to do the same. The Right-wing, Social-Democrat Minister of Food, Majer, took no action, but appeared to encourage these proceedings. The same Social-Democrat Minister brought forward in these circumstances proposals to increase the pay of all civil servants, presumably with a view to making political capital out of this critical situation in the event of an early general election. In the autumn conferences of the three Right-wing Parties in the Government—the National Socialist Party, the People's (Catholic) Party, and the Slovak Democratic Party—the representation of the more reactionary elements was increased. And in the September Conference of the Social-Democrat Party, the Left-wing Social-Democrat Chairman and Committee were replaced by Right-wing ones.

In October, the Communist Premier Gottwald made a speech, setting out broad lines for the working-out of a Five-Year Plan to be put in operation on completion of the Two-Year Plan, which would require the general Nationalisation of Industry and the completion of Land Reform, its basic aim being to go on raising the general standard of living of the Czechoslovakian people.

This was the real answer to the US offer of Marshall Aid. The true path to the increasing welfare and freedom of the Czechoslovakian people was to be gained, not through accepting loans from the most powerful foreign capitalist

country abroad, but by the people at home creating their own welfare and freedom *by their own work*, with the whole of the country's means of production *under their own control* for the purpose. This programme would require *full* Nationalisation and the *completion* of Land Reform. This was the true answer to the Czechoslovakian and American capitalists. This was the decision the latter wanted to prevent, and the Government group which sponsored it they wanted to get rid of. Thereafter the oppositionary action of their political representatives in the National Front Government began to be intensified.

There is little point in such cases in going into detail about the incident which ignites the spark. The representatives of the National Socialist, People's, and Slovak Democratic, Parties in the Cabinet, as well as certain leaders in the Social-Democrat Party outside the Government, pushed on by the American Embassy, were looking for some incident, by which they hoped to bring about a change of Government by force or manoeuvre. The promised rise in the general standard of living had not matured. It had been frustrated by Czechoslovakia's worst harvest on record. This was their great opportunity to manipulate a change. If they waited any longer they might never get another. On some question as to the use of the police, the 12 Cabinet Ministers of the Right Parties sent in their resignations.

It should be explained that the Czechoslovakian Cabinet consisted of 25 Ministers. Of these 8 were Communist, 3 Social-Democrat, 12 belonged to the three Right-wing Parties mentioned, and 2 were non-Party Ministers, Jan Masaryk, the Minister of Foreign Affairs, and General Svoboda, the Minister of Defence. This occurred on February 18, 1948.

The next move lay with President Benes: Whether or not to accept these resignations?

Benes had to ask himself two main questions. First: *What were the motives of the 12 Right-wing members of the Cabinet resigning suddenly in a bloc, as they had done?* Was their aim to precipitate a national crisis? There are several precedents in Czechoslovakian history for solving just such a crisis situation by the creation of a special "Caretaker Government" to prepare new elections. Such a Caretaker Gov-

ernment then "fixed the conditions" of the elections to be held in such a way as more or less to force the kind of result which they or their sponsors wanted. Have we not had to watch examples of this technique, pressured by the American State Department, being constantly operated in France and Italy and elsewhere since the end of the war (the Government before elections introducing alteration-of-voting methods to give grossly unfair results, playing up the prospect of "American Aid" like a carrot to the electorate, and so forth)? Was it with the aim of creating a political dilemma, in which some such action could likewise be foisted onto Czechoslovakia at this critical moment, that had prompted the resignation in bloc of these 12 Right-wing Czechoslovakian Ministers? And had they additionally been pushed into taking this action by certain "foreign elements", whose quarters it was not difficult to guess? Could some attempted *coup* of this nature be the explanation of that bolt-from-the-blue block of Right-wing resignations?

The second and even more important question which Benes had to ask himself was: *What did the majority of the people of Czechoslovakia really want?* Were they behind the Two-Year Plan and the Five-Year Plan to follow? Were they behind Prime Minister Gottwald's intention to tighten up Industrial Nationalisation and Land Reform? Or did the majority support the 12 resigning Ministers?

As if to answer this question, on Saturday and Sunday, February 21 and 22, there were mass demonstrations throughout the country in favour of Prime Minister Gottwald's programme. On the Sunday, factory delegates from all over Czechoslovakia attended the Congress of Works Councils representing the Trade Unions, and demanded nationalisation of all firms with over 50 workers. Action Committees were set up in the factories. It was clear that the industrial workers as a whole stood solidly behind Premier Gottwald and the Communist, Social-Democrat, and non-Party Ministers who had not resigned, and particularly behind Gottwald and the other Communist Ministers. On Wednesday, February 25, the President decided to accept the resignation of the Ministers. Dr. Doreen Warriner in the book already mentioned gives the following account of the immediately subsequent proceedings:

"After the crisis, a new Cabinet was formed, composed of 12 Communist Ministers, holding all the most important Ministries, Jan Masaryk as Minister of Foreign Affairs and General Svoboda as Minister of Defence, 5 Social-Democrats, 2 People's Party, 2 National Socialist, and 1 Slovak Democrat, and the aged leader of the Slovak Freedom Party, Dr. Srobar. Jan Masaryk, whose personal prestige was as great as that of the President, had decided, in his own words, to "go with the people".

In the Western press, the crisis was reported as a Communist "coup", an unconstitutional seizure of power. Yet on constitutional principles it was undoubtedly correct; the Rightwing Ministers had resigned of their own volition. The turning point was the mass demonstrations of the workers, which convinced President Benes that the resignations must be accepted."

Almost immediately following these February events, as the Chart will show, a Second Land Reform Bill was passed in March of 1948, and a Second Nationalisation Bill in April. The Second Land Reform Act limited landholdings throughout Czechoslovakia to a maximum of 125 acres, the balance being confiscated and dealt with as in the other Eastern European countries. While by the Second Nationalisation Act all enterprises employing over 50 persons were taken under public ownership. That was the real answer to the attempt to overthrow the Czechoslovakian Government, for it had been the desire to subvert the whole evolution of which those Acts were the culminating point, that had prompted it. Needless to say, many of its main instigators disappeared soon afterwards to America.

We have given more space to these Czechoslovakian Socialist-transition events than to the others for three reasons. They have been more widely misrepresented than those of any of the others. The Czechoslovakian cultural heritage and style of economy, when this happened, were very much like the British. And the Czechoslovakian people were faced directly with the choice of solving their economic problems as they did, or of accepting Marshall Aid (a form of American loan), just like Britain.

They chose differently. They chose transition to Socialism for their future, instead of Marshall Aid. And with what results? The results have been that in industrial production and general standard of living they have attained the underlying intention of their Two-Year Plan, which was to bring Czechoslovakian economy back to its prewar condition or 10%

above its prewar condition, as a basis from which to start out on a much bigger project—a Five-Year Plan of transition-to-Socialism proportions. If we glance in the Main Table with Extension at the figures for the first four years of Czechoslovakia's Five-Year Plan, 1949-53, we shall see how from its first year of Plan Czechoslovakia's industrial production has leaped ahead. In the first four years of its Five-Year Plan, Czechoslovakia has increased its industrial production by 83%. That means that it will almost certainly have doubled or near doubled its 1948 industrial production at the end of the fifth year of the Plan, 1953.[1] That is very satisfactory for a highly industrialised country like Czechoslovakia. Look at the figures for the Western European countries for the same four or five years. None of them, except Austria, have any prospect of *even halving* such an advance. Yet Czechoslovakia has done this with a population 20% less than it had before the war.

The particular experience of Czechoslovakia's transition-to-Socialism prompts an additional consideration. Czechoslovakia, in making its Socialist transition, has been confronted with a difficulty in an acute form which the other Eastern European countries, whose transitions we have considered, have only experienced in a minor fashion. We refer, of course, to economic and industrial sabotage. This factor in Czechoslovakia loomed larger and was likely to loom larger, because Czechoslovakia, unlike Bulgaria, Poland, Hungary and Rumania, was already a highly industrialised country with a numerous and well-developed middle-class in addition to its naturally reactionary capitalist-class, and many of the middle-class in such cases are frequently aggressively capitalist in outlook. The more highly developed capitalism is in any country, the more sabotage must be expected from its higher proportion of capitalist elements. That is, to make the Socialist transition is a much easier and more straightforward operation in primitively developed capitalist countries than in highly developed capitalist countries. In the latter the likely sabotaging elements are more numerous, more technically educated, while the highly organised and complex condition of advanced

1 Shortly before going to press, it was officially confirmed that its industrial production in 1953 had more than doubled that of 1948—the increase being 102 per cent.

capitalism offers greater sabotage opportunities. In primitively developed capitalisms, the nationalisation of industry is a comparatively simple affair. Because in these the amount of total industry is (comparatively speaking) small, those engaged in it are not yet numerous, and therefore the number of those capable of and wanting to sabotage it, are comparatively insignificant. That is to say, the main job in making the transition in primitively developed capitalisms does not lie in transfering the ownership of industry from private persons to the community, but *in building up industries where none existed before. It takes the form, broadly speaking, of building up nationalised industries from scratch.* This is a simpler and more straightforward task than transforming already well-developed industries, which have long been organised and running under ramified private ownership, to public ownership. In the latter case, the dominant private owners are very rich, they have a philosophy of selfishness, which is also very attractive to certain of the better-paid employee-managers, technicians, those in industrial and other control. The latter are in ideal positions to sabotage production and the national economy—to twist, delay, mix, muddle plans and orders, so that the carefully worked-out and co-ordinated Socialist plans get put out of joint, and production gets held up or breaks down. If these sabotaging elements (of which there are likely to be not a few in all highly industrialised capitalist economies in the act of making their transition to Socialism) are not, right at the beginning or early on, either strenuously rooted out or controlled, it may well be the case that the Socialist transition in a primitively developed capitalist economy can be more easily carried out from almost complete non-industrialisation to advanced Socialist industrialisation, than the transfer of an advanced capitalist economy be made into a Socialist one. In the first case the main difficulty is one principally of overcoming economic obstacles; in the second case of surmounting political ones—very tricky, awkward, complicated, carefully screened, political ones. And woe betide any Socialist-transition leader in the latter case who is weak, who can be easily fooled, or is at heart not a sincere Socialist! And woe betide his followers! For the transition in this case is likely to be wrecked on the rocks, causing it perhaps for a period in that country to be discounted. Czechoslovakia, being a highly industrialised

country, was liable to get caught in this difficulty—as Britain, still more highly industrialised, is still more so. And foreign factors—rich and powerful capitalists in foreign capitalisms who wish to bolster capitalism everywhere possible in the world—increase the difficulties and dangers in this situation. We note this third difficulty in the case of Czechoslovakia, both to indicate this extra difficulty in that country's case, and because the trials of the Slansky-Clementis group at the end of 1952 brought out the fact that secret, anti-transition sabotage had been vigorously operating in Czechoslovakia at least from the beginning of the Czechoslovakian Two-Year Plan in 1947 up to somewhere in 1951, when the main sabotage details had been discovered.

These showed that an important portion of the leadership in the Czechoslovakian Communist Party were acting as traitors to the mass of the Czechoslovakian working people, whom they were supposed to be representing. They were first trying to hold up Socialist Nationalisation. Then, when this was unsuccessful, they aimed to sabotage the Socialist Plans in operation. Their main object was to subvert the Socialist transition and to return Czechoslovakian Socialism back to capitalism once more. They were unsuccessful. They were found out. And the Czechoslovakian people meted out to them the punishment for the traitors they were.

Have the Labour Movements of Britain and Western Europe nothing to learn from this piece of history? Especially the British people with a Labour Government elected with a huge majority after the war principally to carry out the following three policies:

(1) to start the British transition to Socialism;
(2) to raise the standard of living of the mass of the British people;
(3) to maintain friendly relations with both sides of the world:

and which, once ensconced in office, went counter to this mandate on all three counts?

First of all, the British Labour Government made a mess of the British Socialist transition. Almost its first act was to seek a loan from the power which is today the world citadel of capitalism, with the result, of course, that its Socialist tran-

sition was frustrated from the start. Secondly, its activities have had the effect of *lowering*, instead of raising, the general standard of living of the British people. And thirdly, its foreign policies steered towards war, instead of peace, by attaching Britain to a war pact of one side of the world against the other. The consequence was that the Labour Government, having failed to carry out the policies for which it had been elected by the British people, was later turned out of office by the British people. It was replaced by a Conservative Government which immediately set out to de-nationalise part of the very modest Labour Government's nationalisations and to underpin some of the props of the wartime-instituted Welfare State, which itself is a toned-down form of capitalism. In short, the British Labour Government, which had made a mess-up of the Socialilst transition and failed to carry out its three main policies, was compelled to hand the reins back to the Conservatives for a return to all-out capitalism. Were the British Labour leaders, who were responsible for this sell-out, much different from the Czechoslovakian Slansky-Clementis group? The Slansky-Clementis group, although they pretended to be Communists (that is, the most vigorous type of Socialists), *in reality did not* believe in Socialism, did not want to implement Socialism, wanted to prevent the transition to Socialism.

Is there not some parallel to this Czechoslovakian Slansky-Clementis, Socialist-traitor group in the British Labour Party Right-wing leadership group, which had led the British Labour Party since the war? Are (or were) those leaders *real* Socialists? Do or did they *really* want to make the transition to Socialism in Britain? Or were they or are they, merely self-styled Labour people who have got to power and control of the British Labour Movement, but who *really* do not want to make the transition to Socialism; who, while posing as Labour leaders, *are really working to prevent the British transition to Socialism?* If we are to judge by the results their actions have produced, we can only conclude the latter. And even if we go by their words, for instance, as in their books of policy issued by the Social Union (which they sponsor) and by many of their speeches, we can only come to a similar conclusion.

Czechoslovakia has got rid of its Slansky and Clementis

traitors to Socialism. That is why that country is now going more rapidly ahead than ever (see the Main Table with its Extension for proof). But what have the British people done with their Labour-traitor leadership which, since the war, has got away with carrying out much of the Conservative Party's policy? That leadership has been there since the war (and before) and *it is still there now.* Does this mean that the Social-Democrat section of the British Labour Movement is so "democratic" that it has no real manner of getting rid of its leadership, when that leadership keeps leading the mass of the Party in the opposite direction to that for which it was elected, and in which the majority of the Party wishes it to go? If we use words in their true sense, this is neither "social", nor "democratic". We should describe it as a sell-out to Labour's enemies, and say that it is idle to think that the Socialist transition can be made in Britain or anywhere else with leaders of this sell-out description. What kind of "democracy" is it for a great Movement not to be able to get rid of leaders, who keep on carrying out the policies of the Movement's opponents?

However, this book is not the right place for more than a casual glance at this all-important question. It will perhaps be examined in more detail in a sequel to this book. The question arises because, after reviewing the astounding successes of the Eastern European transitions to Socialism we are struck by contrast with the puny British results in the same direction—results which, from a positive point of view, are almost non-existent. Yes, the failure at British Socialist transition made by the British Labour leadership is accentuated by the remarkable Socialist-transition successes scored by the Eastern European countries. It is unfortunate that, towards the end of this survey of real Socialist transition, this comment must be made. But it is one which, if we face the situation honestly and realistically, can hardly escape us.

13.

THE SPECIAL CASE OF EASTERN GERMANY

As we go to the press, it is still unclear what is to be the future of Eastern Germany. In Eastern Germany since the war a transition to Socialism has been going on, but not operated with quite the vim and tempo of that of the other Eastern European countries, because for one reason Eastern Germany is not a complete country in itself, but only a third of one.

Now, no one will dispute that the Russians believe in Socialism, that they see Socialism as the cure and solution of the world's evils. Of course, in the zone of Germany they have controlled, they would like for this reason to see the transition to Socialism in full operation and Socialism firmly established. Yet those who know what has been happening in Eastern Germany since the war will tell you that the Russians have not counselled the all-out transition to Socialism in Eastern Germany. In fact, their tendency has been throughout to advise the tempering of it down and the holding of it from getting to all-out proportions. Why has this been so?

The answer is that the Russians recognised to begin with that they did not control the whole of Germany. Their zone was merely one-third of that whole. They had no wish to sow the seeds of a *third* World War—especially one which would start so close to them. That is precisely what they wanted to avoid. With all of which the Eastern German leadership heartily concurred.

Both the Russian and Eastern German solution of the postwar German problem is a united Germany, a united *peaceful* Germany. Neither of them want unduly to stir up and accentuate the rivalry between Western and Eastern Germans, because they know that, if that is pushed to extremes, its ultimate result could not be a united Germany, certainly not a united peaceful Germany. But it could, on the contrary, set off war. Such a condition could, in fact, be used by unscrupulous people to start off a World War III. So the Russians, in the hope of being able to get a united peaceful Germany—i.e., a Germany united, but prevented by the rest of the world from turning itself into a great military power,

like that which has set off two World Wars within 25 years—counselled the tempering down of the Eastern German Socialist transition, so that it would not get so advanced as to prevent a join-up between Eastern and Western Germany from being a possible and workable arrangement. Thus we have had the Russians, who are the leaders in the world Socialist transformation, urging the tempering down of the Socialist transition in Eastern Germany in the interests of world peace. Unfortunately, practically none of these facts have been allowed to get to the British and Western world public through the newspapers and wireless.

Why? Because *American policy,* which dominates the British and Western world press and wireless, has been to keep Germany divided. It is American foreign policy, together with the old German-military, German-Junker, German big-industrialist and German-Nazi spirit in Western Germany, that is preventing the re-unification of Germany on a constructive, peaceful basis. The US leaders want to keep Germany as a Korea, a country forcibly and falsely divided into hostile regimes, as a basis for setting off a Third World War in Europe. Because this American foreign policy is explained at some length in Part III of this book, it will not be further touched on here. We need here do no more than note the fact that the American policy of keeping Germany divided, and of inciting Western Germany (which it controls) to reanimate the old Prussian and Nazi war-spirit, is being operated by the Americans to turn Germany into a European Korea with the object of having it ready, when the US considers the time is ripe, to set off that Third World War which is the central basis of its present foreign policy. If readers, when they come in Part III of this book to the portion on Korea (that also divided nation, whose division has already been used to start a war of dangerous dimensions), will remember to think back to this divided-Germany situation, that extra piece of reminisence will be found to explain this policy with added force.[1] It is because we realise the danger to the world of the operation of this American policy that we have introduced the subject of Eastern Germany, not by starting off to describe the Socialist transition in that country, but by indicating the

1 And now to the American-created war-tinder of two Germany's and two Koreas, we have to add that of two Chinas.

pressing importance placed on peaceful German unification both by the Russian and Eastern German leadership.

Of course, there has been a sensible measure of Socialist transition going on in Eastern Germany since the war. For instance, Eastern Germany contains Prussia—the historic seat of the German Junkers, the great German landlord-army class, one major source of German aggression and aggressivism that has touched off two World Wars within a quarter of a century. This special development of the German military-Junker class is, of course, really an upthrow of advanced German capitalism.[1] One of the first steps towards the Socialist transition in Eastern Germany was taken with the splitting up of the great Junker landed estates amongst the East German peasantry, laying the basis for the liquidation of this East German Junker class. This act towards liquidation of a serious world-war menace constitutes a fact, not merely of German, but of world-historical importance. At the trial of German war criminals at Nuremburg, some of the German Nazi-Junker generals appeared. A few were executed, some were imprisoned. In Western Germany most of the latter have been let out by the American and British Governments, and are now by the American and Western German Governments being encouraged to return to their former ways, which were a major factor in setting off World Wars I and II. Whereas in Eastern Germany, formerly their main seat, the German-Junker class, the German Nazi-General class, *has been liquidated as a class.* Its economic foundation, large-scale landlordism, has been removed from under them. Their great landed estates, acquired by bloodshed to begin with and continuing as the underlying basis of their crimes, have been split up and returned to the German and Polish peasantry, from whom in former times they had been wrongfully and bloodily taken.

In addition to this event of world significance, German big industry (the other main German war-instigator) in Eastern Germany has been nationalised. But this nationalisation in Eastern Germany has not applied to smaller industry. Small industrialists in Eastern Germany have in many cases been helped and encouraged. While, in Western Germany,

1 Just as the almost equally arrogant postwar American generals are an upthrow of today's advanced American capitalism.

on the other hand, big industry has been handed back, mainly by the Americans, to the former industrialists who built up Hitler—some of them named as war criminals at Nuremburg. Everyone, for instance, knows about the case of Krupp. But he is merely one of a number. These big German industrialists and bankers, together with the Junkers (who brought in the Hitler gangsters to act as their political representatives) were the main elements in building up to World War II. While these back-throws have been re-introduced into Western Germany, in Eastern Germany the old brutal, inhuman Prussian and Nazi type of education has been rooted out and replaced by a decent, constructive, peace-loving and humanitarian one. Also Eastern Germany, as we have already indicated, has had a two-Year Plan of Rehabilitation, 1949-50, and in 1951 started on a Five-Year Plan, 1951-55, both of them on a transition-to-Socialism basis. Their targets and accomplishments will be found on pages 58, 59, 62 and 66 respectively.

Thus we may see that, since the war, two policies have been in operation in Eastern Germany—(1) a policy of constitutional transition-to-Socialism, like that operating in the other Eastern European countries; and (2) a policy of joining up with Western Germany on a non-militaristic and democratic basis, and of not operating full transition-to-Socialism with the object of making this unification easier. When the prospects of unification have seemed more propitious, the latter policy has been accentuated. When that prospect seemed to get dimmer, the impetus to the first policy became greater. If the US carries through its policy of rearming Western Germany, the prospects of policy (2) operating will sharply recede and there is likely to be a major emphasis on policy (1), as in the other Eastern European countries.

One would have thought that, if the Americans are mad and wicked enough to again set in operation the interwar Chamberlain policy in relation to Germany (i.e., building up Germany to smash Russia), Britain this time would have sense and experience enough to refuse to co-operate along this path. Unfortunately, one of the highest personages in the present British Conservative Government, R. A. Butler, was Chamberlain's Foreign Under-Secretary while this Chamberlain policy was being operated. And the Americans are now all-out to re-animate that Chamberlain-Butler policy.

Actually, at least three-quarters of the Conservative Party are still Chamberlainites. We also have today the curious position that Churchill (who initially became Prime Minister in World War II because he stood out against this policy, when being operated by Chamberlain) has since the war himself been operating this selfsame Chamberlain policy. And also trailing along behind him in this (though from the point of view of sanity it seems incredible) is a considerable section of the British Right-wing Labour leadership. This is not a pretty situation. It is a definitely dangerous situation. But we shall only be able to alter it by openly facing the fact that that is the position. What is needed, more than anything else in Britain today, is *enlightened* Labour leadership. *Real* Labour leadership. *Real Socialist* Labour leadership. In fact, to try and interpret what *real Socialism* is and means and is striving for today is one of the main objects which has prompted the writing of this book.

At this point, which brings to an end our survey of the Socialist transitions of the Eastern European countries, it behooves us to bring into review the country right at the other side of the European-Asian continent with the highest population in the world, the country with a population of over six hundred million people, which has also since the war entered the Socialist-transition sphere. This country is a country with an ancient civilisation, which in more recent times became retarded. In its former flourishing periods it contributed many important inventions to the world. Its teeming peoples, if given scope, are very talented.

14.

CHINA ENTERS THE SOCIALIST-TRANSITION SPHERE

Though our detail is not yet as full as with the Eastern European countries, we should go to press hopelessly incomplete without some mention of what has been happening in China since October 1949. Having, through long wars, foreign and civil, at last rid themselves of exploitative domination, external and internal—that is, of feudal-landlord, capitalist, and imperialist exploitation (except in special industries and circumstances where capitalism, under laid-down conditions, is being temporarily allowed to function and even encouraged), the Chinese people are setting out to remodel and reconstruct themselves and their entire economy in a Socialist direction. The result is New China.

As this book was originally drafted towards the end of 1950, this China Chapter did not exist. For at the end of 1950, we scarcely knew more about China than that the Chinese people were then celebrating the first anniversary of their liberation of the whole of mainland China, and their setting up of the Chinese Central People's Government under the chairmanship of Mao Tse-tung. There was no reason or justification at that time for including New China amongst the Socialist-transition countries, the one-year period of China's liberation from Chiang Kai-shek and foreign domination being too short to allow anything of a markedly constructive nature to be yet discernible, and still less for news of it to reach the West.

Yet *after but three years* of this new Chinese Central People's Government of the People's Republic of China, results of reconstruction and new construction (with figures of these) have been *of such a remarkable nature,* that the Socialist-transition section of this book would now go to print incomplete without mention of them. This New China Chapter is therefore added to incorporate this important factor, before we go to press.

As this New China portion is a late addition which has to be fitted into a book already of some size, we are not able

to give it the space we should like. This is in many respects a pity, because New China's achievements in its first three years of being must surely figure as one of the greatest constructive epics in world history. Indeed, so remarkable have these achievements been, as to have caused something of their true nature to be perceptible through a UN official report. Moreover, the official report in question gives percentage measurements of many of these achievements, which makes it additionally valuable to us. For this reason it is not necessary on our part to do much more than add a few additional, explanatory remarks in square brackets to this account, which the UN *World Economic Report, 1951-52* gives of New China, to bring home to readers something of the stupendous change which that country has undergone in its first three years of existence. Thus under the heading: "Major Changes in Economic Activity in Centrally Planned China, 1951 and 1952", we have the UN *World Economic Report 1951-52* [with our clarificatory touches mentioned] informing us as follows:

> "Between 1950 and 1952, the index of industrial production of the Central Financial and Economic Committee [of People's China], calculated on the basis of the output of 35 major industrial products, increased at an average rate of about 30% per annum [i.e., 90% in three years]. In 1952 the index was 126% of the previously recorded peak of production [for pre-liberation China]. The high rate of increase in industrial production in this period reflected recovery from war dislocation as well as rapid development during the early stages of industrialisation...
>
> The recovery of industrial production to a level well in excess of the previously recorded peak [of pre-liberation China] was accounted for by fuller utilisation of existing capacity, and new investment in some important industries, such as textiles and iron and steel [but mainly, of course, to the new economy and the new spirit going with it]...
>
> The Government considerably extended its control over industry during the period [1950-52]. Between 1950 and 1952, by virtue of progressive nationalisation of industry and the building up of new government enterprises, the Government increased its share in industrial production from 44% to 67%. At the same time its control over private production was strengthened, mainly by means of increasing government orders, which in 1952 amounted to about three-fourths of the value of private production in the large industrial centres.

The increase in industrial activity was accompanied by an expansion of agricultural output. Between 1950 and 1952 the index of total agricultural production showed an annual increase of about 15%, reaching in 1952 a level exceeding by 13% the previously recorded peak [of pre-liberation China. This has meant *more food produced* than ever in Old China, in addition to the fact of its *much fairer distribution,* as will later appear]. Production of food grains in 1952 was 9% above the 1936 peak [i.e., pre-liberation peak]. Industrial crops and livestock, in general, increased more rapidly than food grains. In 1952 output of the most important industrial crop, cotton, was 56% higher than in 1936 [the pre-liberation peak. This cotton increase, passed on to the Chinese masses mostly in clothes, has already had the effect of putting the clothing position of the Chinese people on a basis more satisfactory than ever there known before]. The increase in agricultural production was the result of an expansion in the acreage cultivated and of improvements in irrigation and methods of cultivation [and, of course, of the all-important fact that peasants were no longer mainly working for feudal-landlords who exacted from them as rent between 50% and 80% of their produce, but for themselves].

By the spring of 1952, the agrarian reform [the complete elimination of feudal-landlordism and the redistribution of all farming land fairly amongst the peasantry all over China] was complete for more than 90% of the total rural population, with the remaining part scheduled to be completed before the spring of 1953. In the period under review there was also a considerable extension of mutual aid teams and productive co-operatives in agriculture. In 1952 two out of every five peasant households were so organised, an increase of 40% over 1951.

Both government revenue and government expenditure rose rapidly from 1950 to 1952. Revenue rose by about 170% and expediture by about 140%. The rise in revenue was due to the expansion of industrial production and the inclusion in the budget of the profits of government enterprises that were being nationalised. [This was inspite of the fact that,] rural taxes having been reduced in the meantime, the share in their yield in total revenue fell drastically. [That is, the untaxed amount is now kept by the peasantry, causing the peasantry's income by this much to rise drastically. But, *in spite of this,* national revenue has increased enormously.]...

Whereas in 1950 the budget was roughly in balance, in 1951 and 1952 substantial surpluses were realised.

Recovery in industry and agriculture brought about a

large increase in the supplies of consumer goods and thereby permitted an increase in personal consumption. Between 1950 and 1952 the output of food grains (including rice, wheat and soy-beans) increased about 12% per annum and the output of industrial consumer goods between 1949 and 1952 by about 24% per annum. During the period 1950 to 1952, consumption in urban and rural areas was estimated to have increased on the average at an annual rate of about 20% [i.e., by 60% for workers and peasants in those 3 years].

The increase in the supply of consumption goods [and the increased share going to workers and peasants] was the basis for the increase in the real wage bill [of workers] and in the real income of peasants. The redistribution of income resulting from nationalisation of industry and land reform was a contributing factor [was, in reality, the basic contributing factor]. Between 1950 and 1952, a considerable increase in the real wage bill was mainly due to the rise in average earnings [both because the proportional share of workers increased and because more was produced] since employment rose only moderately. The rise in real incomes of peasants reflected the gradual completion of the agrarian reform, which abolished rents formerly paid to landlords, as well as the reduction in rural taxes.

Retail prices in major cities rose moderately from 1950 to the second half of 1951. Thereafter, they remained stable or declined slightly. [The real meaning of this seemingly modest statement is only comprehensible when we understand that *for the previous ten years in China, inflation had been constant.* During the 10 pre-liberation years Chinese prices went up a million times, and then that million increase went up a million again. Remembering this, reconsider the two previous sentences and what *stable* prices must mean to the Chinese. Considerably greater incomes are being received by all the 600 million Chinese workers and peasants with their families and there are considerably more goods availabe, and at *stable* prices, on which to spend them.]"

Such is the transformation-miracle that has been carried out in three years all over the country containing over one-quarter of the world's population! That is, resulting from factors following the New China Land Reform (in which feudal-landlordism has been wiped out and the farming land all over the country redistributed fairly among the Chinese peasants), and resulting from factors following the New China Nationalisation of a large sector of Chinese industry (the Central

Government already owns more than two-thirds of all Chinese industry), the standard of living of China's 600 millions of peasants and workers is rising at a very rapid rate. For the first time in China's history all these hundreds of millions of formerly poverty-stricken Chinese are beginning to get enough to eat and enough to wear. All this has been achieved in the first three years of New China. And in spite of the Americans and the Korean war. And to what factor or facts are these achievements we have been viewing due? We have in reality been viewing the results of New China's Short-Term Plan of Rehabilitation, 1950-52, on a transition-to-Socialism basis. The *World Economic Report 1951-52* gives the results to the end of 1952.

In 1953, New China by democratic vote elects its first All-China People's Congress—the National Parliament of its 600 millions of people. That body in the same year will ratify China's First Five-Year Plan of National Construction on a transition-to-Socialism basis, which also starts in that year. This means that in 1953 New China, which must now be considered a firm member of the Socialist-transition sector of the world, will also enter into the sphere of Long-Term Plan evolution. If the peak industrial production of pre-liberation China be represented by the index number of 100, New China at the end of 1952 had raised its index to 126. And if, in a future edition of this book, we are called on at some future time to open a column of figures for New China, this no doubt, in that country of hitherto largely unknown measurement-factors, will be the measurement-fact from which we start. We shall then space out the New China column in between those of the Eastern European countries and the USSR. It will doubtless bring fresh credit to the figures on the extreme right and in the right-hand botton corner of our Main Table.[1]

1 Just before going to press, the first Chinese figures for 1953, the first year of that country's First Five-Year Plan, have come in. They show that New China's industrial production in this year went up 33 per cent above that of 1952, and that the purchasing power (i.e., standard of living) of its people went up 20 per cent in this same one year. About the same time it was announced that India's industrial production for 1953 had increased 35 per cent as from 1946, i.e. in seven years. And even this comparatively slow Indian industrial productional increase has not been passed on to the mass of the Indian people, for the standard of living of the Indian masses in 1946 was already below that of prewar, and it has not been rising since. So that these pairs of figures may be said to have a special message for Indians.

* * *

In fact, looking back on those right-hand figures, we may say that something of their meaning will now have been brought home to us. They are the promises and indicators of a new world of possibilities and opportunities that lie available to us. They are incitements to our emulation. They and the evolution that led to them and made them practicable, merit our careful study. However, if the British people (and other people in like capitalist economies) wish to start bettering their own lot with like efficiency, they must first understand something of the nature of their own economies. So let us next make a brief examination of the figures of the Western European countries in the Main Table, which we have not yet specifically considered—including, of course, the British ones.

15.

THE LEFT AND MIDDLE OF THE MAIN TABLE ECONOMICS IN THE WESTERN WORLD

This next step will be best introduced by once more pulling out our Main Table (the 1929-1949 Main Table without the 1950-1952 attachment), in order to examine some of the Western world figures in rather greater detail than formerly.

As the position stands from what has preceded, it might seem that, from the economic point of view, we have presented an economic case for what might be called the Eastern world against the Western world. This is true. But if we examine the figures of the Western world more closely, we shall find that the Western world is not all of a piece. A little examination will show that it, too, is divided.

If we imagine a vertical line drawn between Italy and Austria, we should be able to say that all the countries to the left of this line: Italy, Western Germany, France, Belgium and the USA were in 1949 in a postwar slump. Either they had not yet in 1949 reached their highest prewar production

position or got much beyond it, as is the case with Belgium, France, Western Germany, and Italy. Or their production was falling off from the war peak in the postwar situation, as was the case with the USA.

There is another point all of them had in common except France, and that was heavy unemployment. The US, before the Korean affair started, had a full-time unemployment figure of over 5,000,000 with another 5,000,000 on short time. Italy had an unemployment figure of 3,000,000, Western Germany of 2,000,000, and Belgium (whose total work-available population is well under 4,000,000) of 300,000.

That is to say, broadly speaking in these five countries—Italy, Western Germany, France, Belgium, and the United States—the state of production and the general standard of living made either no good showing in relation to their prewar condition, or had not been going ahead since the war.

Now what do we find to the right of the imaginary line we drew between Italy and Austria? Quite a different picture. However, Austria itself is a special case, a defeated country, still at the end of 1949 under very complicated occupation. So let us leave out Austria. Let us consider the Austrian column itself the dividing line.

What then do we find to the right? We find countries, all of which have made industrial progress since the war and the industrial production figures of all of which are above, and in some cases considerably above, their prewar production figures. Moreover, none of these countries were, at the end of 1949, suffering from unemployment. In broad terms, and with small exceptions, they might all then be said to have been enjoying full employment. These six countries to the right of line-Austria are: Netherlands, the UK, Norway, Denmark, Ireland, and Sweden. This was, of course, before the Korean war and the Rearmament Programmes forced on them by the US. Since then there have been policy changes and Government changes.

That is, the economies of the five countries: Italy, Western Germany, France, Belgium, and the USA had not, up to the end of 1949, been progressing since the war, but stalling, clogging, and getting into difficulties; whereas those of the six countries: Netherlands, the UK, Norway, Denmark, Ireland, and Sweden had been variously going ahead and faring

better, at any rate as far as their national industrial production, up to the end of 1949, went.

Now is there anything that we can pick out which is peculiar to countries in each of these two groups and thus differentiates them as groups from one another? There is. Those in the group to the left of line-Austria were in 1949 all capitalist economies being run by capitalist Governments, whereas all the countries to the right of line-Austria were then capitalist economies being run either by Labour (Social-Democrat) Governments or Coalition Governments in which Social-Democrat or Labour Parties were represented. As we know, a Labour Government came to power in Britain in 1945 and went out again in 1951. In the Netherlands and Ireland, Labour (Social-Democrat) Parties formed part of the Coalition Governments of those countries in the early postwar period. And as for the Scandanavian countries—Denmark, Sweden, and Norway—Labour-Social-Democrat Governments, or Coalition Governments in which the Labour-Social-Democrats were the dominating factors, had been in office in those countries with a degree of consistency since before the war. In fact, let us compare the economic progress of these three Scandinavian countries with those of the other countries in the Main Table before the war.

The three Scandinavian countries were the first Western European countries to have stable Social-Democrat (Labour) Governments or Coalition Governments in which the Social-Democrat (Labour) Parties were the dominating element. The Danish Social-Democrat Party became definitely the majority Party in the Danish Parliament as the result of the general election of 1929. But, having no clear majority over all other Parties, it formed a Coalition Government with the next politically nearest Party of size, the Danish Left Party (about equivalent in Britain to former Lloyd George Liberals). This Social-Democrat—Radical-Liberal Coalition was in power right from 1929 till Hitler invaded Denmark in 1940. In Sweden the Swedish Social-Democrat Party was elected as the largest Party in the Swedish general election of 1932, but also with no majority over all other Parties. It, however, took over the Government and entered into an economic understanding with the Farmer Party, which gave it support on home matters. After the next Swedish general election

of 1936, the Social-Democrat Party formed a Coalition Government with the Farmer Party. Gradually the Swedish Social-Democrat Party became stronger and stronger in the Riksdag, and since 1932 has always been the dominating element on its own or in Coalitions in the Swedish Government. The Norwegian Labour Party first became secure in Government in Norway in 1935. Then elected as much the largest Party, but with no clear majority, it governed by getting support from several other Parties, each for specific policies, and in peace-time in Norway has been the dominant Party in Government ever since.

Thus we see that what we might call minority Social-Democrat-Labour Governments enjoyed office, in Denmark since 1929, in Sweden since 1932 (actually 1933), and in Norway since 1935.

Now turn and study the production figures of all the Western world countries in the Main Table during the descent into and struggle out of the great prewar slump. Which were the first countries out of the slump? First Denmark in 1933, second Sweden in 1934, and third Norway. Actually, as the Main Table shows, Denmark, in which the first Social-Democrat Coalition Government took office the year the slump started, was only in that slump, strictly speaking, for one year. Note the progress of the three Scandinavian Labour-Social-Democrat Coalitions in the prewar period out of the slump and afterwards. Do not they and the postwar figures we just before cited suggest that capitalist economies run by Social-Democrat (Labour) Governments or those with Social-Democrat (Labour) representation in them fare better in both slump and non-slump conditions than capitalist economies run by capitalist Governments? In fact, it appears that there is only one way today in which capitalist economies with capitalist Governments (capitalism run by capitalists) can show a definite industrial-productional advance in peacetime —and that is by starting an armaments drive. Note the figures of prewar Nazi Germany for 1936-1938. In 1936 Goering's Four-Year War Production Programme began. In the same year Chamberlain's rearmament drive was set going in Britain, and production moved forward till in 1938 other British production slumped once more, having been affected by the return to slump in the US in that year. The other outstanding

example of a capitalist economy run by capitalists getting out of slump by an armaments drive is, of course, the US in 1940 —a condition, however, which began to fade again in 1944, as the war's end was seen approaching. And in slump once more in 1949, the US started repeating the performance in 1950, (which it has been stepping up ever since) with a postwar Rearmament Programme of super-Nazi proportions. And even with that, it showed a decrease in the third year,[1]

Since 1950, American funds have been pumped by the US into the Western European NATO countries and Western Germany to be used for military purposes, wherever possible. On this basis since 1950, some capitalist countries run by capitalist Parties (but, even then, not all) are showing some increase, as a glance at the 1950-1952 Extension of the Main Table will show.

In fact, it seems that in the advanced capitalisms of the world we have now arrived at a condition, in which it is only by the dangerous expedient of fabricating great quantities of armaments that capitalist economies run by capitalists can today show increase. Increase, that is, of the total financial value of goods produced, when the new *destruction-goods* are added. But no increase in the quantity of *consumption-goods* needed by people. In fact, markedly less of these. Certainly if there are millions of unemployed, the turning of them to fabricate dangerous weapons of destruction will bring down this number. But is this the way to increase the standard of living of the mass of the people of a country? Does it do so? Goering knew the answer. *Guns instead of butter.* That is to say, this method of solving the production problem begins by *lowering* the standard of living. What it does increase, and hugely increase, is the standard of living of the private owners of the armament firms and other dependent industries. And what it ends by producing is—War.

Thus the figures in the Main Table prove what perceptive people, unswayed by the Tory press-lords' newspapers, have no doubt noticed: that capitalist economies run by Labour

1 The US industrial production figures with 1929 as the index-year, showing the effect of the US's Rearmament Programme beginning in 1950, according to the UN Monthly Bulletins of Statistics for 1953, are:

1949	161
1950	182
1951	201
1952	200

Governments produce better conditions for the great mass of the working population than capitalist economies run by capitalist Governments. Except, of course, when the Labour leadership is so weak and stupid, or worse, as to carry out the anti-Labour policy of its opponents—which is what happened in Britain after the war.

Nevertheless, granted this much on the credit side with regard to Labour-run capitalist economies, it is at the same time quite equally important to get clear in our own minds as to their limitations. And this is particularly necessary for British people who, during the six years of British Labour Government, were not able to watch their hopes of that Government being realised.

However, if we think for a moment, we shall be able to find a more exact and descriptive name for the kind of Governments that we have been describing as "Labour-run capitalist economies". That name is *Controlled Capitalisms.* Controlled Capitalisms may be defined as capitalist economies, which are modified and toned down by some kind of restraining Government from running to their ungoverned capitalist extremes. Let us study their nature further with a special eye on the British postwar sample.

16.

CONTROLLED CAPITALISM IS NOT SOCIALISM

Roughly speaking, British Controlled Capitalism, as carried out by the British Labour Government in its six postwar years of office, consisted in: (1) extending the war economy measures it inherited from the War Coalition Government into the peace; (2) instituting a small percentage of nationalisation of industry (far short of the minimum necessary for setting going National Plans of Production on a nationalised basis, which is where Socialism begins) and (3) some welfare measures. Of course, the extension of war economy measures, as such, is not a necessary ingredient of Controlled Capitalism, though the measures themselves to a large degree may be.

Modern war conditions, because they produce a shortage of peacetime goods and services, and in order in these circumstances to maintain public morale and general goodwill and co-operation throughout the country, require the passing of laws to make the distribution of necessities to the population "somewhat fairer" than in normal capitalist peacetime. Hence we get rationing, price-fixing, limitation of super-profits by taxation with special incidence on large incomes, food subsidies, foreign financial dealings and foreign trade (imports and exports) brought under national control, and all industry, but especially war industry, made to conform in particular directions to certain definite and co-ordinated, national plans of production. In short, war enforces the passing of certain measures having a socialistic tendency even on the most Right-wing wartime Governments. That is to say, the intended direction of these measures is socialistic in the sense that they are put in operation for the war period, to produce a certain degree of national control of production over certain areas of industry, on the one hand, and to provide "fairer shares" in distributing necessary consumption goods and services to the people, on the other. But though the effect of the measures is socialistic in direction the measures themselves are not Socialist ones. In fact, taken all together, these foregoing measures must be recognised as Controlled Capitalism, in that they do not alter the basic capitalist structure of society, but limit its uncontrolled functioning, put it under controls that prevent it going to extremes, in a small degree mitigate its worst features.

The British Labour Government, elected in July of 1945, two and a half months after V-E Day, inherited this war-controls legacy and decided to extend a great deal of it into postwar peace conditions, partly to solve the awkwardness of those conditions and partly to maintain the "fairer shares" condition it produced. This legacy was, as it were, a gift already delivered into that Government's hand. It had been produced by the necessities of war and transformed into law without opposition—mainly, in fact, by Tories. To have got these laws passed into operation in peacetime against strong opposition would have taken much Parliamentary time. As it was, the British Labour Government inherited the lot ready-made, when it was voted to office by the people of

Britain with a large majority in July of 1945. In the course of its tenure of office that Government, for its own political purposes, idealised this condition it had inherited by calling it "fair shares". Actually, the war controls produced "somewhat fairer shares", a little fairer than the former "very unfair shares", but nothing approaching *real* "fair shares", i.e., social economic justice.[1] Thus the Labour Government's general home policy was: (1) to maintain this "fairer shares" condition in peacetime, which had been originally legislated with the object of operating only during war; (2) to nationalise certain basic industries—the Bank of England, the power industries (coal, electricity, gas), transport (the railways, civil aviation, heavy road transport) and iron and steel—in all 20% of total British industry; and (3) to set up certain national welfare services—mainly in the realm of new housing to replace the non-building, deterioration, and war destruction of houses that had gone on for the six war years, and by instituting a National Health Service free for all.

That is to say, 20% of British industry was to be nationalised, the remaining 80% being left still under private ownership and control. This latter four-fifths, left under private

1 The following Table from the official British 1951 **Annual Abstract of Statistics** shows the proportional way in which all the national income in the UK received by persons **after payment of tax** has been distributed as between earned and unearned income for the years shown. The figures for each year represent percentages of the whole of received personal income for the year:

	1938	1946	1947	1948	1949
Earned Income	**66**	**73**	**73**	**74**	**75**
Wages	39	43	46	47	48
Salaries	25	22	23	24	24
Armed Forces	2	8	4	3	3
Unearned Income	**34**	**27**	**27**	**26**	**25**
Rent, Interest, Dividends	34	27	27	26	25

That is to say, unearned income had fallen from being one-third of the whole in 1938 to one-quarter of the whole in 1949. However, the above figures leave out company funds "placed to reserve", which are essentially part of unearned income and, since the war, have gone untaxed and been considerable. These will later, either as increased capital values or increased bonuses or dividends, accrue to shareholders. When these are added to the above to give the true position, the proportion of unearned to earned income remains substantially unchanged as from prewar.

ownership, would in peacetime prevent any National Plans of Production, for the purpose of greatly increasing the nation's output, from being put in operation. For it is the goods producing industries which, when nationalised and organised for co-ordinated output in a National Plan of Production, are capable of giving the outstanding big increases, and these were to be left still unnationalised. Hence with only 20% of British industry nationalised, no National Plan of Production, to give great yearly output increases, would be possible. Thus the national economy with the indicated changes completed, would still be nothing more than Controlled Capitalism.

The economic basis of a Controlled Capitalism of this sort (capitalism run or controlled by a Labour or more liberal-minded kind of Government as indicated) is as follows. In these circumstances society still remains basically capitalist in form, the predominating portion of the country's plant (80% in this case) being operated under capitalist production and distribution. This prevents any National Plan of Production from being operated to greatly increase the national output. However, economic controls such as those formerly enumerated hold back capitalism from going to its worst and most unjust extremes of operation. In particular, the steeply rising incidence of taxation of the very high incomes tends in certain cases to lower these considerably, cutting off considerable portions and turning those into the public coffers.

These considerable funds, taken from the upper-bracket incomes and thus made available for public use, are turned to finance the welfare services set up for the benefit of all. This accounts for the fact that the British newspaper- and other millionaires carried on a permanent propaganda campaign against the "Welfare State" during the term of office of the postwar Labour Government. Their aim was to turn this name into a term of disparagement. For they and their like, with their huge exploitation incomes, were having to pay back considerable portions of these to help finance new and extended services, set to operate for the public benefit. It is easy to understand how much they disliked this procedure and were anxious to turn the Labour Government, which was responsible for it, out of office as soon as possible. They carried out a long campaign of disparagement of the welfare services. And to a large extent they were able to fool portions

of the British public about the great advantage to themselves (the British public) these welfare measures provided.

However, it is also necessary to understand that heavily taxing the very rich to give more benefits to the very poor is not Socialism. It can be called State Welfarism, in its true sense a by no means uncomplimentary term. It could likewise be called State Compulsory Charityism. However, its true name is State Controlled Capitalism. For the State, or Government in charge of the State, while leaving the main capitalist structure of society comparatively untouched, controls or modifies its workings. Or controls its ungoverned workings to modify their results, with the object of doing something to even out and tone down the extremes of great wealth and great poverty which ungoverned capitalism produces. Thus the main capitalist structure is left effectively untouched, while its harshest workings are toned down and modified. Such is Controlled Capitalism. Social-Democrat or Labour Governments specialise in its operation.

But it is very important for us to recognise that Controlled Capitalism is not Socialism. If left to evolve freely, Controlled Capitalisms can, of course, evolve (i.e., be evolved) into Socialisms. And if the Western world were *really* a "free world", they would in it be able to carry out this evolution. But this evolutionary transition will not be aided by the uncontrolled capitalisms living in the same world. And still less will this evolutionary transition be aided by the most powerful of these uncontrolled capitalisms, and that a monopoly capitalism, living in the same world—especially if the controlled capitalisms put themselves in pawn to the latter. In fact, to do this will be to invite their Socialist transitions to be slowed down to a standstill, to be definitely stopped, and finally to be turned into their opposite. This is what happened to post-World War I Germany with its large Social-Democrat, and subsequently also large Communist, population. This is what has been happening to post-World War II Belgium, France, Italy, Britain, Australia, New Zealand, and in a lesser degree to the Scandinavian countries.

The fact that the evolutions of the afore-mentioned countries from various kinds of controlled capitalism to Socialism have been halted, stopped, and turned backwards, indicates that these types of economies have not yet found

how to show satisfactory resistance to this retrogressive kind of pressure—from outside as well as inside. Why is this?

Fundamentally, of course, this is because controlled capitalism in these countries leaves the main basis of capitalism substantially unaltered, since it leaves the major portion of the means of production and the means of social control of these countries still in capitalist hands. From the Socialist point of view, this means that the major sources of national economic power still remain in the hands of its enemies. No planning of production on an all-in national scale, to greatly increase the national income, is therefore possible. The profit or exploitation motive still continues as the means of acquiring the greatest incomes. Taxation claims considerable portions of these. But then again in the higher income groups, considerable portions of the latter are extricated from taxation by trickily devised methods of tax evasion. While from the other side, workers show no marked enthusiasm (and understandably) to sweat themselves in work to make great profits for these owners. Society thus remains divided into more or less fixed and antagonistic social classes, in which the two groups, certainly as to the division of a slowly varying national income, are constantly battling to increase their respective shares. In boom time the national income increases slowly, the major portion of the increase invariably going into the pockets of the private owners of the means of production. In slump periods the national income goes backward, and though the effects are not as devastating as in the uncontrolled capitalisms, they are sufficient to halt and throw back general economic progress for a number of years. And, finally, in this world of today we must not fail to note this further fact of importance—the same question of the collaboration between home and foreign capitalists to halt and sabotage change, which so troubled the Eastern European countries in the early stages of their Socialist transitions. The Eastern European countries were finally able to deliver themselves from this obstruction by nationalising in bold strokes the major portion of their industries. Under controlled capitalisms, which have not yet adopted this method (if they had, they would no longer be controlled capitalisms), the openings offered to capitalist obstruction and sabotage to frustrate the change are much greater and more widespread.

Under controlled capitalism with a Social-Democrat-Labour Government in office, the capitalists at home will clamour for help from their brother capitalists in foreign uncontrolled capitalisms, where capitalists, besides having economic control, are in control of their Government machines. And if there is one of these uncontrolled capitalisms in which capitalism is exceptionally strong and powerful, they will vigorously exercise themselves to get the capitalists of that country to bring their "influence" to bear to get the Social-Democrat-Labour Government in their own country removed. A favourite method of using this influence will be to put the controlled capitalism in various ways into economic difficulties. The most effective way is to get it to put itself into economic pawn to the more powerful, foreign uncontrolled capitalism. This method has proved effective in shifting both the second and third British Labour Governments from office. Finally, the threat of serious internal economic difficulties developing in the more powerful, foreign uncontrolled capitalism, and the fear of social change which is normal to top capitalists in that type of economy (especially in a world with Socialist economies in being), can easily set going a drive to war in that uncontrolled capitalism with the object of distracting the attention of its own people from their internal economic problems and temporarily alleviating these with a war programme. Naturally, the threat of change which the capitalists of the home country see close at hand in the fact that they have a Social-Democrat-Labour Government in their own country, will cause these home capitalists to ally their fortunes with those of the capitalists of the more powerful, foreign uncontrolled capitalism. If a war drive to obscure home issues is started by the uncontrolled capitalism, they will enthusiastically support a parallel effort in their own country with the same end in view. Such will be recognised to be a rough, generalised sketch of the type of controlled capitalism operating in Britain in the latter stages of the British postwar Labour Government's tenure of office. It will also in various degrees be found to apply to most of the other countries of Western Europe with Labour-Social-Democrat Governments.

If, however, in spite of its natural limitations and drawbacks, British controlled capitalism had been steered by the

postwar Labour Government leadership to evolve in a far-sighted and intelligent way, with the clear aim of arriving at *real* Socialism at the end of the process, no justifiable complaint could be made. Certainly, to have maintained close, friendly and economic relations with the other fully and predominantly Socialist countries of the world would have eased and accelerated the process, would have provided Socialist allies in an otherwise hostile capitalist world. But, far from doing this, the British postwar Labour Government chose to turn its back on the Socialist sector of the world and contract a loan from its *real* economic enemy (the centre and citadel of world capitalism) within six months of taking office. With the natural result, of course (which even a schoolboy should have been able to foretell) that, after a short period of office, the British transition to Socialism had been brought to a dead stop, and its evolution was soon headed in an opposite direction. That is to say, the postwar Labour Government failed to use the considerable majority, with which the British people had provided it in 1945, to move decisively in a Socialist direction, which is the only one that can supply a constantly increasing standard of living to its great working population. On the contrary, the loans and the Rearmament Programme (the first paving the way for the second), in which it weakly allowed itself to get involved, began within a short time to *lower* the people's general standard of living and to head them towards war. Consequently, at a general election shortly following the putting into operation of that Rearmament Programme, it was put out of office. Power went to its political opponents, whose policy is to turn its controlled capitalism back to uncontrolled capitalism again.

However, our object here is not to go into fine details about Controlled Capitalism. Or only sufficiently so to make clear why Controlled Capitalism and Socialism are not the same, but completely different economic systems. In Britain the Controlled Capitalism of the prewar Labour Government was called Socialism by the press. After a time the Labour leaders accepted this term, and themselves began referring to Britain under their particular brand of Controlled Capitalism as Socialism. Even as a type of Controlled Capitalism, Britain under postwar Labour Government was a pretty poor specimen. (Sweden is a much more successful example.) But after several years under British Labour Government *both*

sides began palming off on the British public this British brand of Controlled Capitalism as Socialism. This has caused, and was meant to cause, misunderstanding and confusion. We hope that this piece of duplicity is by this time clear to readers. But, in order to prevent any further possibility of confusion between the two, let us go on, with the data we have now available to us, to examine the main workings and results of *real* Socialism.

17.

SOCIALISM — PLANNING FOR LIFE

The figures on the extreme right and in the right-hand bottom corner of our Main Table, complete with Extension, will by now be admitted to be sufficiently astonishing and different from the others to indicate that a new social and economic system has entered and established itself in the world. This new system is Socialism. These and the other figures in the Table, and the Socialist transitions formerly described, will also, no doubt, help us to realise that Socialism will not be produced by the mere nationaliastion of a nation's industry and the mere collectivisation of its farmland —even by the full nationalisation and the full collectivisation of these—if national plans to increase the national income and effect the just distribution of that income amongst the whole population (which are what makes Socialism a reality) are not carried out on the basis of the former. And how much less will a negligible amount of even land reform and the nationalisation of a mere 20% of the nation's industry produce Socialism, when this comparatively small section of land and industry under national ownership and control makes any comprehensive national plans and planning for increased production and just distribution of the nation's income unfeasible and impossible!

Moreover, even the collectivisation of the whole of a nation's farmland and the nationalisation of the whole of a

nation's industry will not by themselves, without Socialist planning, produce Socialism.

For Socialism is what begins to become operable only after the collectivisation of the whole or greater part of a country's farmland and the nationalisation of the whole or greater part of its industry have been carried out, through Socialist Plans worked out on these bases. It then follows as a very rapidly expanding type of economy which is planned to dispense *economic justice to all its members*—a condition which can only operate after the foregoing transformations have been effected.

It may perhaps aid clarity at this point to make a brief survey of what real Socialism is and does.

Socialism, previous to becoming a *system of production*, and ending by becoming the *most advanced* system of production, is primarily and in its first instance a *system of distribution.* It is a system of *just distribution.* Socialism is basically a system of *the just distribution to all the members of a nation's people of the results of what is produced by their combined, collective efforts.* In fact, all its other great advantages follow as a consequence of taking steps to achieve this basic one. For to everyone who considers the matter carefully it must soon become obvious that, if there is to be a just distribution of the national income amongst the whole of a nation's people, the whole, or certainly the major portion, of the economic machine of the nation must first have been nationalised and brought under public control. For the just distribution of the national income amongst the whole of a nation's members presents a national accountancy problem that can only be solved, when all the nation's economic factors are available and known, and this can only take place when the whole effective economic machine of the nation is under public ownership and control. After this is accomplished, accountancy measures can be set going to work out the just national income distribution details to cover the whole nation's population—an immense task—and thenceforth to keep these permanently up to date. That is to say, a nation can have no exact and direct control over the *just distribution* of its total production, if it is not previously in control of that production, which it cannot be if it is not previously in control of its machinery of production. The situation will require both

production and distribution to be brought under public control and dealt with as a national whole. And this can only become possible after the whole or major portion of the means of production and distribution have been made the property of the nation's people, have been nationalised.

But once this transformation is effected, enabling *justice to all in national income distribution* to be developed as a consequence of it, watch what are the results. Once everyone and all are guaranteed, and recognise that they are guaranteed, the *just reward of their work,* in whatever the line of work in which they are engaged, it becomes obvious to everyone that the greater the national output produced, the more each will receive as his or her share of the whole. Therefore, under these conditions, there is a constant common striving and desire for a greater and greater national output. And this desire finally concretises itself in Long-Term Plans of National Production, worked out, planned, and organised, in all the socially desirable directions during the agreed hours of work, to increase the national output *to the utmost.* Moreover, as industrial plant, production technique, work organisation, tools, inventions, and skills of individuals are constantly being increased and improved, and as general experience and population are constantly increasing, this "utmost" under Socialist production is found *to be increaseable by considerable amounts every year.* That is to say, the Long-Term Plans of National Production on a Socialist basis raise the national income every year by considerable amounts—a result which, under *justice to all in national income distribution,* provides a constantly rising standard of living to the whole working population. This fact in turn creates great enthusiasm for work amongst the whole working population, which collectively reaps the benefit of the great yearly productive increases. Consequently the general attitude towards work becomes changed throughout the nation. The effort to increase production becomes general and held in general esteem. Good production and output everywhere become matters of honour among workers. Outstanding producers become national heroes. The whole nation becomes filled with work enthusiasm. And why? Because these Long-Term Plans of National Production for constantly raising the national output correctly interpret and provide what the people of the nation most want. And what is that? Why, of course, to have their

standard of living raised, and to go on having their standard of living raised by appreciable amounts every year. This is planning for an all-round, more abundant life; planning for a constantly improving life. Or, the same meaning expressed in the more epitomised terms of our Section heading—Planning for Life.

But how, it will next be asked, does this principle of *justice to all in national income distribution,* a splendidly sounding idea, work out in actual practice? A very important question to be answered.

There are, to begin with, two basically different categories of persons in a Socialist society for whom this justice in national income distribution must be separately assessed. There are the great majority who are the *productive workers.* By *productive workers* we mean all engaged in socially useful work of whatever kind—from workers like miners, mechanics, working farmers, bricklayers, engine-drivers, spinners, tailors and so on, at one end, to workers like actors, artists, writers, composers, poets and so forth, at the other; and again all categories of organised workers from the managers in the central offices to the latest joined apprentices on the factory floors. That is, by *productive workers* we mean all the various kinds and categories of workers engaged in the whole of the socially useful work which goes to build up a modern, fully civilised society.

Secondly, there are those who for recognisedly justifiable reasons (and only those) are not productive workers, and are therefore recognised as *justifiable non-workers.* In this category come children at one end, elderly workers who have reached pensionable age at the other, the incapacitated and sick, and women for stated periods immediately before and after childbirth. Clearly these have a right to support and a good life equally with the productive workers. But, since they are not producing, it is impossible to relate their incomes to their output. In a Socialist society, the grants and incomes to which they are entitled are laid down and assessed *according to average, reasonable human needs in the circumstances in question.*

Whereas the incomes of all the various kinds and categories of productive workers are, of course, calculated *according to the value of their work or services rendered.* This value

is assessed by the kind, quantity, and quality of the various completed pieces of work in question. But is not this, it may be asked, what happens in our present society — i.e., in capitalist society? Certainly it is what *partly* happens in capitalist society. But it is not what happens by any means *with completeness* in capitalist society. If it did, there would be nothing in capitalist society to complain about. It is, in fact, the *exceptions to this* in capitalist society which are responsible for upsetting the whole, and which in Socialist society are eliminated. For in capitalist countries, an amount, generally on an average one-third of the national income accruing to individuals, is taken by the private owners of the means of production in these countries, not as a return for their work, but as a levy for their private ownership. This amount is claimed out of the national income every year without work by about 5% of the nation, who own all the land and plant of the country concerned. But the effective ownership of all the biggest and controlling blocks of land and industry is in the hands of about 1% or less of the nation (enabling them to walk off with about 20% of the national income), and it is these few who become the real economic dominators and controllers of the nation. This means that in capitalist society only about two-thirds (67%) of the personally received national income is available for distribution *in return for work* amongst the whole working population of a capitalist country. Moreover, in a capitalist country the national income increases slowly, sometimes goes backward. For productive workers in return for their work there is little prospect of income increase—that is, in terms of *real* standards of living. For a wage increase is no *real* income increase when it is merely given to cover an increase in prices. Actually, in capitalist society, what *real* increase there is in the national income generally goes in the form of increased profits and dividends into the pockets of the private owners of the means of production. True, in a capitalist society, there are differences in incomes between, say, solicitors and bricklayers, doctors and bus-conductors, bench-workers and works-managers, and there is nothing amiss with this. Between these in Socialist society there are differences also. But these differences, though in capitalist society sometimes very large, are as nothing compared with the differences in incomes in that society between those of the better paid type of these

productive workers (works-managers, successful actors and authors, etc.) and the upper class of private owners of the means of production, who receive their huge incomes by virtue of ownership, not of work. While the difference in income between these top capitalists and ordinary workers is, of course, much more striking still. In fact in capitalist society, the one-third taken out of a slowly increasing national income by the private owners of the means of production, leaves only the balance to be distributed amongst the whole category of the country's productive workers. With this large amount subtracted by so few, the whole body of productive workers in capitalist society receive collectively about one-third less than they produce. Thus no productive worker in capitalist society, except by accident or by exception, can be said to be getting the *full value* he earns by his work.

In a Socialist society, *all productive workers collectively* have returned to them *the whole and full value they collectively produce by their organised, collective work.* This is distributed among them individually *according to the value of work produced.* Different incomes for various categories of work are fixed and altered from time to time on a demand and supply basis, very much in the way that this takes place in capitalist society, though many classes of work, as one would expect, are in a Socialist society assessed differently. On the other hand, piece-work rates are introduced wherever possible, but always allowing to the worker the *full return* for his increased work. Where piece-work, to measure work above the norm, cannot be introduced, a bonus system is instituted. Thus workers have every encouragement at the same time both to produce more for their country and earn more for themselves. In a fully Socialist society, no part of the national income is paid away to a set of private owners of the means of production, who obtain this income without working for it. In a fully Socialist society this class of private owners of the means of production has been eliminated, and *the whole of the national income available for consumption is distributed to the whole working and justifiably non-working population.*[1] And since, in a Socialist society through the

1 In the Socialist transition stage a moderate, scaled-down life annuity in proportion to former income can be allowed to former private owners of the means of production, subject to good behaviour, but with a definite maximum above which unearned income cannot be received.

Long-Term Plans of National Production in operation, the national output increases by considerable amounts from year to year, this comes back to the whole population *(productive workers* and *justifiable non-workers* both*)* in increased individual incomes. In other words, it comes back to them in a constantly increasing standard of living.

It may perhaps here be enquired: *How* in a Socialist society is this constantly (or yearly) increasing national income passed on in a rising standard of living to the whole population? How does this work out in practice? How is the extra amount got to people?

It can be and is managed in two ways. By constantly decreasing the price of goods, so that everyone with their given incomes can buy more. Or by steadily increasing wages and salaries, while the former prices of goods are maintained, which is another way of achieving the same result. Or it can be done by the partial operation of both these methods at once. As yearly greatly increasing quantities of all types of goods are produced by its National Production Plans in a Socialist society, they are passed on to the whole population by either or both of these methods.

The Soviet Union, for instance, employs both these methods, but principally the former. There have to date (1953) been six yearly major price drops over the whole range of consumable goods, different for various articles, but averaging between 10% and 15% per year for all, in the Soviet Union since the war. It has now become the custom throughout the USSR for the yearly price drops to come into operation on April 1, the price-reduction details for all articles being announced several days previously. On April 1 and for several days after, all shops and stores all over the Soviet Union are crowded out with Soviet citizens accustoming themselves to buy at the new, all-round reduced prices. Like with us at a "sale", but a "sale" covering almost all types of consumable goods and one that endures for a whole year, whereupon a new "sale" with still lower prices for the following year replaces it. And so on every succeeding year covering the major range of consumable articles for Soviet citizens.[1] Similar

1 The sixth yearly consumer-prices drop to take place in the Soviet Union since the war, came into operation on April 1, 1953. The day previous it was announced that a long list of articles, covering two columns, would

price drops have been taking place, as the result of the effects of the Short-Term and Long-Term Plans in the other Eastern European countries, only they have not yet reached the Soviet price-reduction pace and operating regularity. That is what has been happening over the whole of that part of the world since the end of the war. All of which bounteous and beneficial results (let it never be forgotten) are the outcome of setting out to organise society to begin with on the principle of *justice to all in national income distribution.* This was the system that was begun to be put in operation throughout the Soviet Union with its First Five-Year Plan in 1928, and came into full operation in that country following the launching of the Second Five-Year Plan in 1933; and is the sysetm of production and distribution which began to operate in the Eastern European countries, when they started on their Short-Term Plans on a transition-to-Socialism basis after the war, and is now also beginning to operate in New China.

Hence it is *justice to all in national income distribution,* the basis of Socialism, which is at the root of the great transformations, increases in production and standards of living that we have been watching take place, in the USSR since 1928, in the Eastern European countries since they started on their postwar Short-Term Plans, and in China since 1950—the astonishing results of which stand out so clearly in the figures of our Main Table (except for China which is not yet included). There we see indicated the results of real Socialism

be reduced in price, and giving details. We pick out some of these reductions from the list: potatoes, carrots, beetroot, cabbage and other vegetables, apples, pears, grapes, tangerines, oranges and lemons 50 per cent; beef, mutton, pork, salami sausage and other sausages, tinned meats and other meat products 15 per cent; rye, wheat, barely and other grains, bread, flour, fish, butter and other fats, eggs, ice-cream and sugar 10 per cent; tea and coffee 20 per cent; cotton and silk textiles 15 per cent; ready-made cotton clothing 14 per cent; socks and stockings 20 per cent; soap 15—20 per cent; paper products and writings appliances 15 per cent; fountain-pens 20 per cent; porcelain and faience products 15 per cent; vacuum cleaners 25 per cent; refrigerators 20 per cent; cutlery and sewing machines 10 per cent; furniture and carpets 5 per cent; linoleum 15 per cent; wall-paper 20 per cent; petrol and lubricating oils 25 per cent; also prices of food in restaurants and catering establishments to be reduced accordingly. Similarly, the next yearly price reductions will take place on April 1, 1954.

A list of price reductions in Table form carried out in the Soviet Union and also the Eastern European countries during the same year as above, 1953 (published by the UN just before going to press), will be found added in Appendix II at the end.

in its fully and partially realised stages. But it is most important for us to realise the difference between *real* Socialism—its necessary basis and how and why it works—and a negligible amount of even land reform and the mere nationalisation of a small percentage of a capitalist country's industry, leaving the major portion of landwork and industry to be carried on under feudalist or capitalist production and distribution, and thereby, of course, making Socialist production and distribution impossible. In the first case we have really Socialist, and really Socialist-transition, economies. In the second case we have at best merely Controlled Capitalist economies. The difference between them in rate of economic progress alone, as the figures in the Main Table demonstrate, is enormous.

* * *

We can at this point claim to have viewed something of the effects and internal workings of Socialist economies and Controlled Capitalist economies, which, as we have seen, are very different ones. What we have not yet examined are Uncontrolled Capitalist economies: economies completely out of control of the people and in the hands of small groups, whose economic controls become so embracing and concentrated that they develop into economic monopolies. In short, Uncontrolled Capitalisms, if allowed, develop into Monopoly Capitalisms, the outstanding example of which we have today in the USA. Both because this kind of economy is the model for Conservative Government, and because Britain and many Western world countries have attached themselves so closely to what is now the prototype of this kind of economy—the USA, it is vitally important for us to have a better and clearer understanding of this US Monopoly Capitalism prototype—how it works, what its main motivations are, and where its policies are leading—than the one with which we are at present being provided by the ordinary newspapers, broadcasts, and cinemas. Indeed, because the right understanding of these questions has today become a life and death matter for us, we propose to devote the remaining portion of this book to the object of arriving at it.

Part III

PLANNING FOR DEATH

AMERICA—THE PARADISE PICTURE AND THE REALITY

IT is difficult enough for visitors or even those who live in America to know the *real* America. Very few achieve it. It is almost impossible for those who have never been there. Just as large sections of the French press before the war received bribes and subsidies from Hitler, so practically the whole of the Western world press has developed a servile attitude to the USA since the war. And the Western world wireless faithfully follows the press. To those two main sources of our information everything American is wonderful. America's friends are "our" friends, America's enemies are "our" enemies. While in that third main instrument of mass propaganda, the cinema, the majority of films shown in the Western world, consist of American themes portrayed to us by Americans—the export ones being specially chosen for our "benefit". So the picture sought to be built up in people's minds by all these methods is of an "American paradise". Fortunately most people recognise that it is not like that in reality. In Britain and in many European and other countries American troops have been stationed, and this contact with the real thing invariably has the effect of damping down the American propaganda "paradise" picture. However, for most people this merely has the effect of causing them to receive very sceptically the "American paradise" picture which the press, radio, and cinema are continually forcing into their eyes and ears. It is not able to explain to them the *real* America. In reality, of course, their "paradise" propaganda is a smoke-screen put up to hide the *real* America. For the *real* America

is not pretty, its intentions are not pretty, and we shouldn't like them if we knew what they were. All the more reason, therefore, that we should be rightly informed about them. And never was this more important than now.

It may be asked: What do we mean by the *real* America? Do we mean the desires of the majority of the American people? Do we mean the cultural results of its most eminent men? Of course, the US covers a pretty large area of continent and has a population about three times the size of that of Britain. It is split into social classes, and not only are these exceedingly different, but life lived in the north differs from that in the south, and the east from the west. Is not the real America so vast a subject that it would take an encyclopaedia to describe it? If we considered "real" to mean the desires, aspirations, intentions, and activties of all the variously placed American people, it would. But fundamental (and in that sense *real*) aspirations and wishes of the mass of the American people are not likely at the present to be realised. They are damped down and stamped out by the colossal, tremendous, overpowering propaganda of the intentions and wishes of America's *ruling class*. That is what the Americans get. This is what we get. At present, though the Americans get still more of it and get it more closely, lots of us in Western Europe in particular are getting practically nothing else.

In the sense that that which is in control is real, because its behests, wishes, and intentions are what is directing policy and being carried out in action—action which is affecting the whole world—we here use the term *real*. The *real* policy and intentions of the American ruling class, which at present practically entirely dominate the US and the Western world, are not known by most British people, by most Western world people, and not properly realised by the great majority of the American people. But it is now vital that as many people as possibile should know what these are. This is what we mean by the *real* America. The "paradise" picture of America is the smoke-screen put out to obscure the *real* America. But this writer who has lived in the USA at various periods altogether five years has had a better opportunity of getting to understand the real America than most people, indeed, than a great deal of American people—great masses of whom are the first to be taken in by their own country's "paradise" propa-

ganda. It is now vitally and critically important for all people to be able to differentiate between the *real* and the "paradise" America. And what follows is intended to assist this clarification.

2.

MORE LIGHT ON THE AMERICAN WAY OF LIFE

The first thing to understand about America is that the paradise picture we get from the press, radio and films is *propaganda.* It is propaganda, and just as distorted as the propaganda of the opposite description about the Soviet Union and the Eastern European countries, which we attempted to re-straighten in Part II of this book. So in this, as in the former case, we must start all over again if we wish to understand the *real* America.

In spite of the persistent paradise picture, it is hardly necessary to draw the attention of most people to the fact that gangsterism (violence, brutality, criminal activities) play today an important part in American life. We are constantly being reminded of it. Those who frequent the cinemas are certainly not allowed to forget it. Two important books on the question of crime and gangsterism in the US were published in the first part of 1952. They both deal with the comparatively recent discovery that there is a central organisation co-ordinating much of large-scale crime in the US. One of these books, giving an account of this by former New York King's County Assistant-District-Attorney Turkus and a co-operating journalist (Feder) is called *Murder, Inc.* This book had gone into its fifth edition in the US by the autumn of 1952. The other book, called *Crime in America,* is by Senator Kefauver (who was, after Stevenson, the most important Democratic Presidential candidate for the 1952 Presidential election) and gives an account of the Senate Committee Investigation he headed on this subject. Some of the New York hearings were carried over the TV, and he reckoned that these had on those occasions between 20,000,000 and

30,000,000 listeners. However, the type of gangsterism, covered by these two books, is crime of the "lower classes", probably originally of the submerged classes. Everyone knows about it and that it is on the upgrade. What is not sufficiently appreciated is the (in many respects) more startling criminality in the US of its upper classes. To really understand the American way of life, it is essential to understand something of this also. In fact, some well-informed people think that the gangster (lower class) side of crime gets the publicity it does, in order to screen and cover up the in many ways still more startling criminality of its upper classes.

Now let us ask ourselves a question, a peculiar question, an important question, a seemingly obvious question, but one that has hitherto, almost everywhere, escaped attention.

America has been called the land of extremes and contradictions. The land of immense wealth and immense poverty. The land of immense opportunities for work and immense unemployment. But one of its most curious contradictions is one that has gone almost unnoticed. It is this. No one will dispute today that the US is the most highly industrialised country in the world. It has much the greatest number of industrial workers of any country in the world. Now in all the other of the world's highly industrialised and democratic countries, their high percentage of industrial workers in relation to their total populations has caused in each case a working people's or industrial workers' political Party to be thrown up as a consequence. In highly industrialised democracies, is not this evolution a natural one and to be expected?

The industrial system, now in operation in advanced industrialised countries, throws up millions of industrial workers. Considered together as a group, these industrial workers in numbers form the predominating class of persons in such countries. They have in a general sense certain basic aims and interests in common. Unorganised politically, they cannot realise these aims. But organised and united in a politcial Party under a democratic form of government, they can set out to attain them. And, provided they remain united and do not deviate from their purpose and that democracy remains a reality in their country, they can be sure of ultimately being able to do so.

Practically all countries in the capitalist democracies of the Western world are quite a considerable way on in their evolution in this direction. They have had working people's political Parties—called variously Social-Democrat Parties, Socialist Parties, Labour Parties—for over 50 years. Communist Parties are a later addition, dating from after the Russian revolution, and in some cases are beginning to take over from these earlier Parties. All these first-named workers' Parties were originally based on mobilising industrial workers with a sprinkling of the middle-class intelligentsia, with the aim through democratic means, first, of improving the lot of the considerably growing class of industrial workers, and ultimately of building a classless society. The German Social-Democrat Party was founded in 1875, the Belgian Socialist Party in 1885, both the Danish and Swedish Social-Democrat Parties in 1889, the Norwegian Labour Party in 1890, the Italian Socialist Party in 1892, the British Parliamentary Representation Committee (which changed its name to the British Labour Party in 1906) in 1900, and the French Socialist Party in 1905. Perhaps the French foundation was the last, because in that country at that period its political working-class movement and its trade union movement did not closely co-operate, its trade union movement for a long time believing that its aims could not be realised through political action. All the other Labour Parties (as they really are and we shall call them for short), largely based on their Trade Unions, have now over 50 years of development behind them. Yet today, over half a century after practically all the industrialised capitalist democracies of Europe have had nation-wide Labour Parties founded and vigourously operating, the industrial millions of the USA, 50 millions of them in the most highly industrialised country of them all, still have no mass, nation-wide political Party—no established, nation-wide People's or Labour Party—of their own.

Is this not extraordinary?

Why is it so?

The answer will go a long way to explain the present state of the world. But to give this answer in a statisfactory way, we shall have, to begin with, to quote a considerable portion from a remarkable American book. The book is a summary-condensation of the proceedings and revelations of

the La Follette Civil Liberties Committee, set up by the US Senate to investigate and report on the question of Union-Prevention and Union-Smashing in the US in 1937, when Roosevelt was President. This was the period in which the CIO was being founded and formed. The La Follette Committee investigations, it turned out, greatly helped that process.

US Senate Investigating Committees have very strong powers of sub-poena. That is to say, they can compel what witnesses they want to appear, and they can bring strong pressure to bear on them to speak. They can also commandeer for investigation any papers, documents, office files, etc., connected with the subject they find necessary. In this case the Committee was initiated and led by Senator Robert M. La Follette, then one of the most progressive members of the Senate, whose father with exactly the same name was a well-known progressive Senator before him. US Senate investigations are generally lengthy affairs. The official reports, giving a verbatim of the examination of witnesses, containing letters and documents of importance to the proceedings, the findings of the Committee and much else, often run to 20 volumes or more. How many people are willing to buy and read 20 volumes, in order to understand the results of such an investigation? In this case, for reasons that will later be obvious, the American press gave the La Follette Committee's proceedings and report very stingy coverage. In the British press it was hardly reported at all. Had it not been for Leo Huberman's condensation of the long proceedings and the other vital matter connected with them into a book, most of the details and findings would have gone into the limbo of the forgotten. That, of course, is exactly what the large-scale corporation directors and press owners of the US wanted. Fortunately, we have Huberman's book to keep the memory of them alive. It is, as you will presently see, a very alive book. Very exciting. But, still more important, it gives the answer, or it gives the substance which makes the answer obvious, to the puzzling question with which the United States's peculiar political development faces us: Why is this most highly industrialised country in the world, the country with far the largest population of industrial workers, still today without a nation-wide Industrial Workers' Party, without

a nation-wide Workers' Party, without a nation-wide Labour Party?

Huberman called his book *The Labour Spy Racket*. The reason for this name you will soon see. No other foreword is necessary, except to note that all the dollar sums we shall find mentioned in it must be multiplied by between two and three to turn them into the equivalent in value of US dollars of today. We will now, by excerpts from his book, leave Huberman to tell the story. It reads like a detective story. It *is* a detective story. But a *true* detective story, having today world-wide implications. Read and judge for yourself:

"For ten years Richard Frankensteen had been a trimmer in the Dodge plant of the Chrysler Corporation in Detroit. He had followed in the footsteps of his father who had worked for the Dodge Corporation for many years before and had been a leader in the plant band. Frankensteen was popular with the other employees in the trim division and in 1934 they elected him as their representative in the Chrysler Corporation Representation Plan. At a meeting of the representatives of the other divisions, Frankensteen was elected as chairman of the whole section. It was not long before he and the other representatives learned that their Works Council had definite limitatious: collective bargaining under this company union plan meant that the men could ask for and get better lighting, a larger milk bottle, improved ventilation, and similar concessions. But beyond these they could not go. When it came to collective bargaining for higher wages, shorter hours, seniority rights, etc., the employee representation plan failed them.

The representatives decided to get together and call meetings of their constituents to see what could be done. The outcome of these meetings of the Chrysler workers was the formation of a union of their own, the Automotive Industrial Workers Association. Fourteen locals of the A.I.W.A. were organised in the Dodge plant and and Richard Frankensteen was elected president. At the same time, Frankensteen, along with the other representatives, continued his services in the Chrysler employee representation plan. The workers had both a company union [a union started by the company directors, an old American trick] and their own union.

Frankensteen was a hard-working president. He attended the meetings of the fourteen locals and made speeches to the members. One night in 1934, after a speech to the members of the paint

local, Frankensteen was driven home in the car of the vice president of the local, John Andrews. This was the beginning of a warm friendship. Andrews became Frankensteen's most trusted companion. Richard wanted more than anything else to create a strong union composed of militant wide awake members, and he naturally took to John who was fearless, uncompromising, and able.

Both men were married and had two children. The families, living less than ten blocks apart, became very friendly. John's wife, Dee, and her two children, were frequent visitors at the Frankensteen home. While Carol-Lee and Marilyn Frankensteen played with Ronnie and Dale Andrews, Richard's wife, Mickey, and Dee Andrews would go on shopping trips together. In the summer of 1935 when the plant was shut down for a few weeks, the two families went to Lake Orion for a vacation. They took a house together and shared expenses. The Andrews and the Frankensteens were firm fast friends for the two years following that night in 1934 when John Andrews shook hands with Richard Frankensteen after his speech at the meeting of the paint local.

Yet every day for the whole period of their friendship, John Andrews wrote a detailed report of the activities of his pal, Dick Frankensteen. John Andrews was a spy. He sent his reports to the office of the Corporations Auxiliary Co., a private detective agency hired by the Chrysler Corporation. For spying on his friend Frankensteen and his other fellow workers, John Andews was paid $40 a month by the Corporations Auxiliary. For the services of its spy, L-392 (the code number of John Andrews), Corporations Auxiliary billed the Chrysler Corporation at the rate of $9 per day. And for the services of all its undercover operatives in 1935, Corporations Auxiliary was paid by the Chrysler Corporation the sum of $72,612.

From the last figure—the payment of one detective agency by one corporation in one year—it becomes obvious that the story of John Andrews and Richard Frankensteen is more than the story of a friend betrayed. It is the story of a big business. John Andrews was one operative of one agency. There are hundreds of agencies employing thousands of operatives in the United States. There are agency chains with branch offices in many large industrial centres. Their undercover operatives are at work in every part of the country in every industry. It is impossible to obtain exact figures for either the number of agencies or their operatives. They operate in secret and never divulge more information than they have to about their business. In the hearings before the Sub-committee of the Committee on Education and Labour of the United States Senate—the La Follette Civil Liberties Committee—they were very unwilling

witnesses. They lied frequently and suffered from partial and complete loss of memory throughout. However, Mr. Heber Blankenhorn, industrial economist on the National Labour Relations Board, was able to furnish the committee with a list he had compiled after twenty years of study of industrial espionage. Mr. Blankenhorn is the foremost authority on the subject in the United States. Here is his list from the record :

As of April 1936

Total agencies .. .. .. 230 [Turn to Appendix A for complete list]

Systems:	*Cities*
William J. Burns, International Detective Agency, Inc.	43
Pinkerton's National Detective Agency	35
Railway Audit and Inspection Co., with affiliates (known to be incomplete)	18
Corporations Auxliary Co. (known to be incomplete)	8
Sherman Service, Inc.	9

How many operatives these 230 agencies employ is still a mystery. Estimates vary from 40,000 for all of them to 135,000 for just the Burns, Pinkerton, and Thiel agencies alone. The minimum figure is based on the fact that there are some 41,000 union locals in the United States and it is estimated that *there is a spy in every local.* One labour leader with many years of experience states that he never "knew of a gathering large enough to be called a meeting and small enough to exclude the spy."

What is the cost to industry of this countrywide spy service?. . We don't know exactly, but even the lowest estimate will astound you. Mr. Blankenhorn, figuring an average of $175 a month paid to the agency per spy, and 40,000 spies, computes the minimum cost at over $80,000,000 per year! That this is probably too low an estimate was indicated in the hearings before the committee when General Motors officials testified that their plants had paid to Pinkerton alone, $419,850, for the period from January 1934 to July 1936; and that they paid to all the agencies they hired in that period a total of $994,856! Small wonder that so many detective agencies have given up shadowing criminals and have turned their attention to selling what they euphemistically call "industrial service.". .

Who are the clients of these detective agencies? Here is a partial list of the customers... A breakdown of that list will reveal some names of companies which are well known to you [most of the names which follow are of huge US firms, well known to

Americans]. For example, among the 499 clients in 19 states of the Corporations Auxiliary Co. in the period 1934-1936 were the following :

Aluminum Co. of America
American Book Co.
Chrysler Corp. (23 plants)
Firestone Tire and Rubber Co.
General Motors Corporation and subsidaries (13 plants)
International Shoe Co.
Kellogg Co.
Kelvinator Corp.
Crane Co.
Diamond Match Co.
Dixie Greyhound Lines
Midland Steel Products Co.
New York Edison Co.
Postum Co.
Quaker Oats Co.
Radio Corp. of America
Standard Oil Co.
Statler Hotels Inc.

The Pinkerton Agency, in the years 1935-1936, "serviced" these familiar firms, among many others :

Abbott's Dairies
Bethlehem Steel Co.
Campbell Soup Co.
Continental Can Co.
Curtis Publishing Co.
Endicot-Johnson Corp.
Libbey-Owens Ford Glass Co.
Montgomery Ward & Co.
National Cash Register Co.
Ohrbach's Affiliated Stores.
Pennsylvania R. R. Co.
Shell Petroleum Corp.
Sinclair Refining Co.
United Shoe Machinery Corp.

And among the mutiliated records of the Railway Audit and Inspection Co., the following names appeared :

Borden Milk Co.
Carnegie-Illinois Steel Corporation, H. C. Frick Coal and Coke Co. } subsidiaries of United States Steel
Consolidated Gas Co. of New York
Frigidaire Corp.
Jewish Hospital, Brooklyn, N.Y.
Pennsylvania Greyhound Bus Co.
Western Union
Westinghouse Electric & Manufacturing Co.

These are only a few of the clients of three of the agencies. A complete list covering all the agencies would contain hundreds of other names. Big firms and small, old firms and new firms, famous firms headed by famous people and unknown firms headed by unknown people—all are subscribers to the "industrial service" of these private detective agencies.

* * *

Now $80,000,000 a year is a lot of money.

When the detective agencies sell their industrial service, what are they selling? What do their customers get in return for the $80,000,000 a year?

You would think that the quickest and easiest way of having that question answered would be to ask the people who buy the service and the people who sell it. Senator La Follette and Senator Thomas tried that. But they found that this was a peculiar business. The people who knew most about it wouldn't talk. They were very secretive. They destroyed many of their records. Often they didn't hear the question—or, when they did hear it, they didn't understand it. They beat around the bush. They were shifty unwilling witnesses. They lied frequently. Nevertheless, there were times when the evidence was so overwhelming, that they had to come clean. Backed into a corner from which there was no escape they had to confess to the truth. And bit by bit, the story did come out. Salvaged records, indiscreet letters, confessions by spies, confessions by operatives, admissions by plant managers—all were piled up until the broad outlines of the business and many of the details were clear. We know now what the private detective agencies sold.

They sold a unique service—Union-Prevention and Union-Smashing. Industrialists who bought the service wanted to know about their workers' attempts to organise. They paid $80,000,000 a year to keep their plants from becoming unionised, or if they were unionised, to break up the union. There is no longer any doubt about it. The record is clear.

Here, for example, is part of a letter from the Foster Service to a prospective client :

"Your letter of July 28 is received. With reference to your enquiry about my experience and what I am prepared to do in case of disturbance, etc.

First, I will say that if we are employed before any union or organisation is formed by the employees, there will be no strike and no disturbance. This does not say there will be no unions formed, but it does say that we will control the activities of the union and direct its policies, provided we are allowed a free hand by our clients.

Second. If a union is already formed and no strike is on or expected to be declared within 30 or 60 days, although we are not in the same position as we would be in the above case, we could—and I believe with success—carry on an intrigue which would result in factions, disagreements, resignations of officers, and general decrease in the membership."

... The Foster Service letter was written in 1920. Has the ser-

vice changed much since then? Not very much according to Mr. James H. Smith, president of the Corporations Auxiliary Co. He ought to know because he has been in the business about 40 years. Senator La Follette asked Mr. Smith, when he was on the witness stand, whether there had been many changes since he originally came into the business. Here is his answer, "Well, I think it has changed slightly, but not very much. We have gone into the efficiency end of it more definitely and particularly as the years have gone by."

But though the business hasn't changed much the method of describing it has. The agency heads no longer commit themselves as openly as they once did. They rarely make the mistake of allowing themselves such complete frankness as in the past. In 1910 the Corporations Auxiliary Co. could inform a client that "whenever our system has been in operation for a reasonable length of time, considering the purpose to be accomplished, the result has been that union membership has not increased, if our clients wished otherwise. In many cases local union charters have been returned without publicity and a number of local unions have been disbanded. We help eliminate the agitator and organiser quietly and with little or no friction."

But in 1937 Mr. Smith wasn't writing or talking so plainly. He was much more guarded. When he was asked to describe his agency's work at the La Follette hearings, he talked glibly about selling the services of his "industrial engineers"—but he had to admit that not one of his men was an engineer. Here is Mr. Smith on the witness stand :

> *Senator La Follette* : What type of business are these companies engaged in, Mr. Smith?
>
> *Mr. Smith* : They are engaged in the business of assisting manufacturers in increasing and improving their products both in quantity and quality and reducing their operating costs. That is their primary business.
>
> *Senator La Follette* : And how is that accomplished?
>
> *Mr. Smith* : Well, it is accomplished on a very simple process. We feel that in order to get efficiency and to get a good product the first thing you have to have is harmony, if you can possibly get it, because without harmony you get no efficiency or harmonising conditions in a plant.

The change from 1910 is apparent. Then you knew without any question what service Corporations Auxiliary performed. In 1937, Mr. Smith uses honeyed words, "we assist in harmonising conditions in a plant." That sounds nice but what does it mean? The testimony of Mr. Herman Weckler, vice-president and general

manager of the De Soto Motor Corporation, a Chrysler subsidiary, gives us a clue. Remember that the Chrysler Corporation was Corporations Auxiliary's biggest customer :

Senator La Follette : Did you receive reports and did these reports, while you were receiving them, give information on meetings of union locals in which employees of the Chrysler plants were members?

Mr. Weckler : Yes, sir.

Senator La Follette : Did you receive reports on meetings of the district council of the United Automobile Workers?

Mr. Weckler : I think I have seen one or two of those, yes.

Senator La Follette : And did they report on the meetings of the Society of Designing Engineers?

Mr. Weckler : I saw reports from the Society.

* * *

Senator La Follette : Through these reports, then, it is a fair statement to say that you are kept fully informed as to the strategy and plans of these locals and this district organisation, is it not?

Mr. Weckler : Yes, sir.

If you want convincing proof of how very well informed Mr. Weckler was of the union activities of the auto-workers, just turn to Appendix B, and read the kind of detailed spy report he was receiving from Corporations Auxiliary. From Mr. Weckler's testimony and from this sample spy report, we gather that Corporations Auxiliary's 1937 model of "harmonising conditions" was in no sense different from its 1910 model of union-smashing."

At a later stage the book continues:

"The General Motors Corporation and its subsidiaries were clients of the Pinkerton Agency. One of the workers in the Chevrolet plant in Atlanta, Georgia, was Mr. Lyle Letteer, the son of the assistant superintendent of the Atlanta office of the Pinkerton agency. In April 1934 he was employed as a Pinkerton spy while continuing his work in the plant. Mr. Letteer was instructed to join the union and report on its financial condition, its paid-up members, and the names of the Chevrolet employees who were union members. He was told to get himself elected as an officer in the union and make a detailed report on its secret meetings. In the summer of 1935 he was able to perform a major stroke as a spy. The other officers of the union were attending a convention in Detroit and Mr. Letteer was left in charge of the

office. What a break! That he made the most of his opportunity is plain from his sworn testimony :

Senator La Follette : Did you take advantage of that situation of being left as the sole person in charge and responsible for these records, to make use of them for Pinkerton?

Mr. Letteer : I took advantage to this extent, that after asking Littlejohn [Pinkerton superintendent] what he wanted to know and receiving his answer, I went to the labour office and as I was going to close up for the night, I would take all records, including the ledger and everything, whatever he called for that day, take it to the office, and we would make copies that night.

Senator La Follette : You mean to the Pinkerton office?

Mr. Letteer : Yes, Sir.

Senator La Follette : Then you returned the records to the office next morning?

Mr. Letteer : Returned the records to the office next morning.

Senator La Follettee : State, if you know, what use the Pinkerton Agency made of all this information that you were able to get as a result of your position of trust in this union?

Mr. Letteer : The exact use of it I could not say but it seemed to be pretty hot as far as Littlejohn would say.

The scene now shifts to Michigan. Pinkerton still on the job for General Motors. Mr. Lawrence Barker of Detroit is taken on as a Pinkerton spy (after a few months, he confessed to the union officials and two letters are in the record attesting their faith in him) and is planted in the Fisher Body factory in Lansing. His superior officer is Mr. R. S. Mason, assistant superintendent of the Detroit office of the Pinkerton Agency. We learn from Mr. Mason's talks with Mr. Barker that pinching the records from a union office is only one way of keeping tab on union activities—there are other Pinkerton methods, equally efficient. Here is Mr. Barker on the witness stand :

Senator La Follette : In these discussions that you had with Mr. Mason, did you get the impression or did you know that he knew a good deal about the activities of the international union [international, i.e. across the US and Canada], as well as the various locals?

Mr. Barker : He did seem to know quite a lot about the activities of the international.

* * *

Senator La Follette : Did he ever tell you how he happened to know so much about the union and its activities?

Mr. Barker: Yes, sir, he said that they had a dummy office in the Hoffman Building [United Automobile Workers Association headquarters in Detroit], that the telephone there was tapped, and also President Martin's telephone was tapped at his home. That they knew everything about him and every move they would make [Martin was President of the United Automobile Workers at this time].

* * *

Senator La Follette: Mr. Barker, as the result of your experience as an undercover operator, informant and spy, what is your impression about the effectiveness or lack of effectiveness of this labour espionage work in breaking up or preventing unions, genuine labour unions, from organising?

Mr. Barker: It is very effective, especially in the local to which I belonged. One time at Lansing-Fisher they were almost 100 per cent organised. And finally it went down to were, as I said, there were only five officers left.

Senator La Follette: You attribute that to undercover operatives?

Mr. Barker: Yes; I do."

Later in the book there are four reproduced photos. One is of American police using clubs against a crowd, which is clearly terrified and cowering on the ground for protection. The first of the other three reproduced photos is of four decent-looking men smiling unconcernedly, as some other not such decent-looking types advance towards them. The remaining two photos are of one of the former four men being savagely beaten up by the formerly advancing ones, whose numbers in these last two pictures have increased.

Actually, all four men were similarly attacked. The particular one of the four we are shown being beaten up in the last two photos appears, in the first of these three pictures, as an obviously attractive type. It is Frankensteen. This latter scene took place just outside the Ford Motor Company's works on May 26, 1937. Let Huberman describe these two occasions:

"The United Automobile Workers, having signed agreements with both General Motors and the Chrysler Corporation, next turned their attention to the Ford Motor Company. The union organisers asked for and received permission from the Dearborn City Council to distribute union leaflets to Ford workers on May

26. Now look at the picture (facing page 106) for what happened.

The *World-Telegram* caption writer [the *World-Telegram* is a New York paper] didn't believe that the sluggers were "regular Ford employees" [as Ford Motors officials tried to make out]. He labels them what they were: "Ford service men". Look at the next picture and you can make your own guess. See the handcuffs sticking out of the back pocket of the "worker" at the left? Ever hear of an auto worker who needed handcuffs on his job? Violence... That is the Ford Motor Company's law-breaking answer to the UAWA's attempt to unionise Ford workers.

Four days after the beating at Ford's, on May 30, in Chicago, more violence. Another manifestation of the class war. Ten killed, forty injured. Why? Because the Republic Steel Company, continuing its traditional anti-union policy, chose not to sign an agreement with the Steel Workers Organising Committee of the CIO. A strike resulted. On Memorial Day, about a thousand union sympathisers, including many women and children, marched in peaceful fashion toward the Republic Steel Company plant. They were unarmed. They were several blocks from the gate of the plant, *not even on company grounds*, when the Chicago police in their capacity as "protectors of the company's property", fired, threw tear gas bombs, then attacked with clubs.

The violence in this case was police violence. That often happens as a result of industrialists' unwillingness to deal with unions. And direct violence on the part of thugs hired by the employers also happens often. The horrible condition of affairs in Harlan County, Kentucky [a coal-mining district], which has given that place the well-deserved name of "Bloody Harlan", is known to all."

The La Follette Civil Liberties Committee did a very thorough job at uncovering the activities of labour-spying over the whole US. It brough to light the fact that practically all the large US corporations hired the services of detective agencies for the purpose of Union-Prevention and Union-Smashing in their factories and organisations. The way ordinary workers in some financial difficulty were inveigled and decoyed into becoming spies against their fellows, being offered a considerable reward to commit one slight offence in this direction to begin with, and then, on the basis of this, threatened with being shown up unless they went deeper (and so on), is brought out in the investigations as being one of the stock methods used by the detective agencies for roping in new agents. In the labour-spy world, this was known as

"hooking". Appendix A gives a list of Labour-Spy Detective Agencies as of April, 1936, numbering 230. The largest is the William J. Burns International Detective Agency, Inc., with offices in 43 cities. The second is Pinkerton's National Detective Agency with offices in 35. Here is the detail of the Burns Agency in that list:

"William J. Burns, International Detective Agency, Inc., New York City. Branch offices in other cities. Representing American Bankers' Association. Criminal, general, industrial, and commercial detective work. Branch offices at Atlanta, Baltimore, Birmingham, Boston, Brussels, Bridgeport, Buffalo, Chicago, Cincinnati, Cleveland, Dallas, Denver, Des Moines, Detroit, El Paso, Houston, Jacksonville, Kansas City, London Los Angeles, Memphis, Miame, Minneapolis, Montreal, New Orleans, New York, Oklahoma City, Paris, Philadelphia, Pittsburgh, Portland, Providence, Richmond, Salt Lake City, San Francisco, Seattle, Spokane, St. Louis, St. Paul, Toronto, Vancouver, Washington, D.C., Wilkes-Barre."

Now let us ask a few questions about this American way of life.

The first question is: Do not the activities we have been witnessing—from carefully planned nation-wide spying at one end to murder at the other—constitute criminal activity?

What honest person will maintain otherwise?

Very well, criminal activity on the part of whom?

On the part of the workers? Certainly not.

On the part of the spies and detective agencies, who carry out the deception and sabotage, using for the purpose stealing, lying, bribery, spying on "friends", the bringing to bear of moral-degenerating methods on hitherto honest workmen to turn them into spies against their fellows, the bearing of false witness, the setting of real friends at loggerheads, the creating of factions amongst workers to disrupt their unity—the use of almost any methods of deception and deceitfulness to gain the ends aimed at? In addition, criminal violence on the part of strong-arm men, goon squads, murderers, and the organisers and agencies of these still "stronger" methods? And all this carried out as a hired service for the bosses of practically all the greatest corporations in America?

Of course this is criminal activity, gross criminal activity on the part of those agencies and agents. As far as this "service" is concerned, the detective and other agencies are obviously criminal agencies; in the case of some, as we have seen, nation-wide criminal agencies.

But is the *main* criminality on their part?

No, it is not. They are hired agents to do the jobs in question. The main and basic criminals, as it must always be in such instances, are those who command that the jobs shall be done and pay for it. Without their commanding and commissioning of the jobs, those jobs would not be carried out. That is to say, those crimes would not be committed. It is those who command the jobs to be done and pay for their doing who are the basic criminals—though they do not the jobs with their own hands. It is the head which directs it, not the hands which carry it out, on which the basic responsibility rests for the carrying out of any act, criminal or otherwise. In this case the hands are represented by the detective and other still more sinister agencies, and the head is represented by the directors of the great Corporations implicated. And the latter all together—for practically all the great US Corporations are implicated—are the effective rulers of America.

Our next question is: For what purposes did the effective rulers of the United States engage in the criminal activities which the La Follette Labour-Spy investigations demonstrated they did?

The obvious answer of course is that, by preventing unionisation in their plants and smashing and making ineffective such unionisation as existed, they sought to prevent demands and strikes for increases in wages, and they hoped thus to take the largest possible share of the economic proceeds in profits for themselves. And when production and economic returns increased, to take for themselves in dividends the whole of the economic surplus. In short, they would go to almost any lengths to assure themselves of the greatest economic gain possible. That part is clear and obvious.

But there is an additional, wider, and still more sinister purpose in their aims. Every well-informed person knows that Labour Movements spring out of Trade Union organisation. Trade Unions first provide the organisation, and then

the funds, out of which Labour Movements, Labour Parties, Working-class Parties, grow. In Britain at the turn of the century the Trade Unions, in conjunction with what were then small Socialist societies, established a Labour Representation Committee (LRC) with the object of electing workingmens' representatives to Parliament, in order to set out to improve the lot of British working people in certain notably important directions. And this LRC some few years later was transformed into the British Labour Party, financed basically by the British Trade Unions, whereon it set out to gain power by democratic means, with the object of remodelling society in such a way as to make it a fit and decent place for the whole of the British working population to live in. The British Labour Party as an organised entity, when it had reached the stage of having half a century of evolution with this motivation behind it, had already formed the Government of the country three times. That is, the British working people's own Party had by the middle of the 20th. century been democratically chosen by the British people to form the Government of the country already three times.

But what of America, now the foremost *industrial* country in the world? Does it lack workers? As things are at present arranged in that country, it seems that it is constantly in a state of having *too many of them.* Its population of industrial workers alone is greater than that of the whole British population (women and children, everyone, included). But has it a National Labour Party? No, it has no National Labour Party. Its Trade Union Movement has never yet been sufficiently strongly organised and united, itself to give birth to a political Party of its own. It has never got much beyond attaching itself to the more liberal (when there *is* a more liberal) of the two American capitalist Parties. This has hitherto generally been the Democratic Party. Just as the British Trade Unions, before the founding of their Labour Representation Committee, supported and tried to get their wishes carried out by the British Liberal Party. But that necessity for the British Trade Union Movement ended over fifty years ago. For since then they have had *a Party of their own* for this purpose.

Several efforts in the US have been made to found such a nation-wide American Labour Party, Labour-Progressive

Party, popular Third Party. Senator La Follette's father, also in his day Senator La Follette, the first Senator La Follette and a noted progressive, was the Presidential candidate in such an effort. Since the war, Henry Wallace became a focul point in such another effort. Both efforts faded out. This most industrially advanced country in the world, with its enormous industrial population, has not yet succeeded in forming a nation-wide mass, political Party representing the wishes and aspirations of its great working industrial millions. It is still basically in the hands of two Parties—the Republican and Democratic Parties—*both* of them today financed by the same capitalist billionaire families. Certainly, while Roosevelt was alive, there was an appreciable difference between the two, as between the Liberal and Conservative Parties in Britain before World War I. But after Roosevelt's death the Party battle in the US became a Tweedle-dum and Tweedle-dee affair, which it remains. That is to say, the industrial espionage in the US formerly described, has so impeded and devitalised the national evolution of the American Trade Union movement, that even today this most highly industrialised country in the world (after the Labour Parties of most Western European countries can look back on 50 years of evolution) has still not to date been able to give birth to a nationwide, capitalist-challenging Labour Party.

True, Roosevelt, when he came to office, used his central and Presidential influence to aid the formation of the American CIO to help mend this deficiency. The CIO began to unionise the big basic industries—steel, motors, mining, electricity, etc. And the founder of the Amlagamated Clothing Workers of America, Sydney Hillman, a friend of Roosevelt's, was a central figure in this CIO Trade Union build-up. He had a talent for large-scale organisation. Had Hillman lived, we might today be witnessing a nationwide US Labour Party with a large following in that country behind it. The Amalgamated Clothing Workers of America under Hillman was the most forward and well-organised of all American Unions. Because of that and because Hillman had the qualities of a labour organiser and was politically-minded in advance of other US Trade Union leaders, the dominating employers' group in the US, the real rulers of America, were especially anxious to create dissension in Hillman's Union to queer his pitch. It

so happens that, from an unlooked-for quarter, quite by chance, we came on references to this in the pages of the recent Turkus and Feder book, *Murder, Inc.*, previously referred to. Much of that book is devoted to detailing the varied and violent exploits of Louis Buchalter, more commonly known as Lepke, whom the authors claim as the real "czar" of the US "National Crime Syndicate," till he was caught and finally (after two years delay) electrocuted. This would mean that Lepke, while he lived, was the US's No. 1 criminal—of the lower world, that is. In the following quotations from *Murder, Inc.*, it will be seen that this czar of criminality seemed to have a peculiar "affection" for the Amalgamated Clothing Workers of America. We should also bear in mind, as we read the ensuing unsavoury details, that by "management", used in opposition to "workers", these US writers mean "owners", "employers". They write:

> "It is the general belief that Prohibition produced the underworld gang. Actually, the criminal mob sprang from the wars between labour and management [i.e. employers], just before and subsequent to World War I.
>
> Prohibition, of course, became a mighty contributing factor to the development. But in labour wars lay the birth of mobdom. Labour unions were not yet the powerful, rich, well-organised institutions they have become [i.e. as seen from the "management" point of view]. In industrial disputes, they were on their own. Management [i.e. employers], on the other hand, recognised—and could afford—the effective method of combatting the workers. The employers simply hired one or another of the early hoodlum gangs to "handle" strikes, pickets or any others they regarded as fomenting unrest—especially in the billion-dollar garment industry.
>
> Lepke and Gurrah were soon working with such an enforcement gang. Before the twenties were very old, Lepke and Gurrah stepped into an exclusive crew headed by Li'l Augie Organ, whose forte was strike-breaking strategy, and Curly Holtz, who was skilled at labour-union organisation...
>
> The strikes of 1925 and 1926 showed Lepke where he wanted to specialise in his chosen profession. No matter how or with whom he and Gurrah worked on other rackets as the years passed, they kept the clothing industry as their first love...
>
> Lepke, Rubin [another gangster] related, convinced certain of the cutters' leaders [of the Amalgamated] that it would be to their advantage if his entire crew were taken on to replace Terry Burns and Ab Slabow, who were then the local's staff musclemen. Rubin said they had been on Amalgamated's payroll since 1923.

"So, Lepke and Gurrah and Curly Holtz became connected with the union", Rubin recalled. "They took the place of Burns and Slabow."

At about the same time, Philip Orlofsky, who had been a business agent, suddenly was made manager of the cutters' local. Paul Berger, the professional strong-arm, told us that he "became a slugger for the union when Orlofsky became manager."

A year or two later, Amalgamated was rocked by what seemed to be spontaneous internal rivalry between the Hillman group, heading the parent organisation [Hillman founded the Union], and the Orlofsky faction in the cutters' union."

You notice the "what seemed to be spontaneous" split in the Union after these prize thugs had got a footing in it. You have no doubt also noticed to what these writers impute the origin of American gangsterism—to the hiring of mobs of strikebreakers and the splitting from inside of labour unions. What makes this testimony all the more significant is that the bias of these writers appears throughout as anti-Labour and Republican. Details about the source and amount of the finance of these exploits, if it could be obtained, would be instructive. This information, coming from a most unlooked-for side, supports the contention that the present nation-wide and deepening criminal condition of the United States, which Kefauver, Turkus and Feder and many other Americans are so concerned about, in reality has its root in the determined nation-wide criminal steps taken by America's ruling class to arrest the natural and healthy political evolution of the masses of American workers.

Thus we have, on the one hand, carefully planned, nation-wide, criminal activities brought in to arrest the political development of the whole American nation, the results of whose politically arrested development are today having the most serious repercussions in the US and over the whole world. And we have, on the other hand, the fact that these criminal activities have set in operation a further development, the opposite of healthy, in the US — the increasing development of crime, criminal violence, and criminal degeneracy on a national, growing to an international, scale. Well might Kefauver and Turkus and many other Americans be concerned about this development, though they do not understand (and some of them do not want to understand) the basic

reasons of the "crime in America" they so deplore.[1]

These are the central facts we have to realise today about the US. The US is suffering from arrested political development, a political development that has been purposely and artificially arrested by its ruling class for a period of the last 40 or 50 years. This arrestment has been produced by the planned, methodic, and nation-wide putting into operation of criminal acts with the express purpose of bringing about this arrestment.[2] Only some abatement must be conceded during the 12 years' Presidency of Roosevelt, who set out to counter this process. But with Roosevelt's departure, this arrestment has been stepped up with added vim to try and make up for its 12 years of thwartment. Hence it has since been sought to return American political evolution back to pre-Roosevelt conditions, and then send it still further backwards from there. One result of this development has been to turn the United States into a civilisation, in which purely criminal activities are now prevalent to an extent far surpassing that in any of the other capitalist democracies of the world. This condition gives American people insufficient defence against their purely "lower class" gangsterism. But, still worse than this, the arrestment of American political development renders the great mass of the American pepole *politically* defenceless, i.e., defenceless against their still more dangerous "upper class" gangsters, many of them now in top positions of public control. The only defence the American people have been able to throw up in recent times is to elect an exceptionally public-spirited man as President to act in their interest. But

1 For instance, **Murder, Inc.** opens in this way:

"Early in 1940, while digging in the source of local felony, the District Attorney's office in Brooklyn unearthed an almost unbelievable story. It discovered the existence of an organisation which was doing business in assassination and general crime across the entire nation, along the same corporate lines as a chain of grocery stores."

And Senator Kefauver, in his **Crime in America**, exclaims in dismay:

"The big question—and I put it bluntly—is this: has criminal and political corruption, which the Senate Committee's findings have shown is rampant, reached the point where America, too, must follow the downward path of others? I say that we are dangerously close to that ruination point—if not right on it."

2 This basic political arrested development has given rise to a whole host of other arrested developments and substitute over-developments —for instance, the general American adolescents' attitude towards sex, their

now he is gone. Meanwhile, the tighter the billionaire control gets of the two major political Parties, the more is the choice of Presidential candidates in the hands of the billionaires and beyond popular reach. In this condition, bereft of a friend of the people in the Presidential seat, as things are today, the millions of Americans have become politically defenceless. The result is that the criminal aims and activities of the American ruling class, now with 50 years of planning and organising experience of such activities behind them, have taken complete control of American public life and are being turned outward to operate in the international sphere. The American ruling class will stop at no crime to increase its internal and external power—the capturing of human creatures for slaves (as in its early history) and the determined dragooning and subjection of its working millions by espionage and gangster methods (which it has developed later); planned bribery and corruption in their innumerable dealings, on a small scale, on a large scale, on a national scale, on an international scale; planned murder of individuals where it suits them, both of insignificant and key people; and planned murder of masses by "scientific" method —the modern type of genocide war. In this nation, run on its present lines, its biggest criminals are at the top. They are directing American evolution. Directing it in their own interest. Or what those fools or madmen believe to be their own interest. They are capable in a fit of rage or madness of smashing up the world. That is the present position. It closely affects, not only the American people, but the rest of the people of the world. It throws light on the gangster activities and policies which this top American leadership is operating in the international world today. For the nearest modern comparison to this state of affairs we must look to prewar Nazi Germany—that is, Germany after it had destroyed its Trade Union movement and ceased to be a democracy. It is difficult to escape the impression that every day, on its present line of evolution, the US gets closer to the ways of Hitler Germany. Is that why it has to cover up the fact by ceaselessly calling this dangerous trend the *American* way of life? Is this development in reality, one is impelled to ask, the American

frequent preference in reading for children's comics, etc. The understanding of this fact will explain many things to many Western European people, who have observed some of the results without hitherto having realised their cause.

way of life or the American way of death?

Such are the facts. It is absolutely vital for us to realise them and take them into account when we come to shape our future course. Meanwhile, they will help us more easily to understand what follows.

3.

MORE LIGHT ON PRE-WAR AMERICA

While Roosevelt lived there was always the hope that America's reactionary, backward and, in fact, criminal trend would be halted and set on the rails of positive, healthy evolution. To act as the instrument of this purpose was Roosevelt's intention, the life job he had set himself. He was the one man in the one position in the US with sufficient influence and following to stand up to the reactionary forces we have described, and help his country's future evolution to be directed towards the majority welfare of its people. He saw his greatest opportunity in the postwar world, and we have sufficient information to know that he was determined to take it. For instance, the founding of UNO was a work largely of Roosevelt's initiative. To him UNO was to be an instrument for maintaining world peace, and for maintaining the friendship that had grown up during the war between the two different parts of the world employing different economies. He knew that both could work together in peace, as it had been shown that both could work together in war. That is why certain powerful people hated him in his own country. But 13 days before the opening ceremony of UNO he died, after which it was taken over by his political opponents.

We consider and a very large proportion of the people of the world consider that Roosevelt's death was a disaster for the postwar peace of the world. The US's first delegation to UNO came under other management right from the start, and almost at once a pretext for quarrelling with the delegation of the USSR was found, so that the old prewar cleft between East and West was reopened. Instead of continuing to heal,

as the war experience had allowed and encouraged, it was re-inflamed and extended. What a tragedy for the world was that sudden death of Roosevelt!

But if you study American history, you will find that this occurrence was not unique. For there are two other occasions on which liberal-minded American Presidents, who have led America in wars, whose liberal leadership has promised a better future to the mass of the American people as the result of victory in those wars, have disappeared with great suddenness when the wars have been victoriously concluded. The US has been engagd in three major wars since that country gained its independence as a nation. These were the American Civil War between the North and South, World War I, and World War II.

Almost immediately after Abraham Lincoln, the greatest of all American Presidents, had led the North to victory in the American Civil War, he was assassinated. Lincoln, of course, had some very advanced opinions. He was a man of the working class and he believed in the working class, and he was a great orator. The American Left treasure many quotations of Lincoln, and some of his expressed opinions have become international textual currency amongst the world's progressive movements. With the victory of the North over the South, finance and the new industrialism had a clear field to become supreme throughout the whole United States, South and North. A man with Lincoln's "advanced" views and enhanced prestige, as the North's leader who had brought the war to a successful conclusion, would have been an awkward customer for the ambitious and power-grasping Northern bankers and industrialists to have to deal with, with his power of giving magnificent public utterance to the sentiments and aspirations of America's millions. These were the bankers and industrialists who sensed it to be their mission one day to clutch the whole world in their greedy hands. Was this demagogic spouter, Lincoln—a good man enough to rouse the people to fight by promising them greater freedom during the war—to be allowed to hand to *the people* the fruits of victory in war on the return of peace? That was too much! The fruits of victory in war, when peace returned to the US, must belong to the banking and industrial chiefs. And so it turned out. Just 12 days before the Civil War was over, Lincoln was assassinated. The eleventh edition of the *Encyclopaedia Britannica* gives a good,

factual account of Lincoln's life, of which the following (abbreviated to give the main details) is the concluding portion:

> "Lee evacuated Richmond on the 2nd of April, and was overtaken by General Grant [of the North] and compelled to surrender his entire army on the 9th of April 1865. Sherman [of the North] pushed Johnston [of the South] to a surrender on the 26th of April. This ended the war.
>
> Lincoln, being at this time on a visit to the army, entered Richmond the day after its surrender. Returning to Washington he made his last public address on the evening of the 11th of April... On the evening of the 14th of April he attended Ford's theatre in Washington. While seated with his family and friends [in the stage-box] absorbed in the play, John Wilkes Booth, an actor,... entering the box... discharged a pistol at the head of the President from behind, the ball penetrating the brain... The wounded President was borne to a house across the street, where he breathed his last at 7 A.M. on the 15th of April 1865."

Thus the American Civil War ended in a complete military victory for the North on April 26, 1865. Lincoln made his last public speech on April 11, was assassinated on April 14, and died on April 15. That is to say, Lincoln spoke publicly for the last time just 15 days before, and passed out just 11 days before, the end of the war in which he had played such in important part in leading to a victorious termination. The American bankers and industrialists were then left with no one to stand up to them. They thereupon, all over the United States, now unified under the rising capitalist North, began to dig themselves in and entrench their positions for the future. From then on dates the rapid advance of America's budding capitalism and the beginning of the tremendous and pre-eminent power of America's dynastic bankers and industrialists.

In the same US, World War I found the Liberal, Woodrow Wilson, as President. Wilson was also an outstanding man, as American Presidents go. He was not a business man or a professional politician (most American politicians are both), but a professor of hisory. It was he who made the conception of the formation of a League of Nations a war issue, and after the war, a world issue. Some world instrument, he foresaw, was necessary to help maintain peace in the world in the future, so that the aggression of any nation could be nipped in

the bud by the combination against it of all the others. Certainly this was a step forward at that time and, if this idea had worked in practice, we should have been spared the Japanese war against China, which started in 1931 and ended only in 1945; Mussolini's conquest of Abyssinia in 1935-6; and World War II started by Hitler. The League of Nations failed to work, not because the idea, as an idea, was wrong, but because practically all the Nation-States which were members were capitalist States or capitalist-imperialist States with capitalist Governments. However, this conception of a League of all the Nations of the Earth to maintain Peace, which the Liberal-Democrat Wilson had sponsored in the world and made a war issue, while adopted by the other non-enemy nations of the world, was turned down by the Senate of Wilson's own country—the US.

Of course, we have had the explanation of American isolationism to account for the US Senate's decision to have nothing to do with Wilson's League of Nations. However, experience shows that the American Senate is particularly amenable at most times to adapt its votes to the desires and wishes of American big business. That has been and is at present what it is there for.

Towards the end of World War I, Wilson set up a War Industries Board, at whose head he placed Bernard Baruch, a Wall Street multi-millionaire with remarkable powers of organisation and analysis. Baruch, as war industry chief, had been given considerable powers of control over US industries and industrialists. But being a Wall Street man, in close touch with the Morgan interests, he was no doubt considered "safe" by the industrialists and bankers themselves. He first of all separated out industries as industries and set up Industrial Control Boards for each, in which all concerns in each group were represented. The tendency was, as the American way is, for the great corporations in the case of each of the Industrial Control Boards to rule the roost. The Central Control Office allocated orders *in toto* to each of the Industrial Control Boards, and the heads of each of the Industrial Control Boards (in each case the representatives of the largest corporations in the industries with which the Boards dealt) divided the order in accordance with their ideas of justice, which meant that the major portion went to themselves. Thus instead

of being arrived at by competition, orders were given by allocation. Morever (and this was unique for the USA), the orders of one industry, considered as a whole, were co-ordinated with those of the next, considered also as a whole. Thus all US industry for the first time was *organised* and *co-ordinated* to fulfil a General Plan covering the whole. This was something completely unique for the American people. And all *under Government control.* To the great private bankers and industrialists of the USA that was the terrifying fact! Naturally it frightened them almost out of their wits. This to them was nothing but Socialism! What, they asked themselves with terror in their eyes, if this state of affairs were to be prolonged or introduced into the peace?

Everyone who knew and understood agreed that, as far as pure organisation went, the US Baruch War Industries Board was a very fine piece of national industrial organisation. Here were the Americans on a national scale showing their capacity to carry out Planned Production. Planned Production certainly, but Planned Production for War. Twenty years later, Goering adopted Baruch's method when he started in 1936 to carry out Germany's Four-Year Plan—Four-Year Plan for War. Moreover, the private owners of the great US corporations and groups of corporations found they could do it, and they found they could make substantial profits by it —and without running any risks, for they were all working on Government contracts with raw materials guaranteed and allotted to them. But it was all under State control which they hated and feared, even with one of their own kind as controller. They were willing with a bad grace to put up with this in war. They could hardly have done anything else, for public pressure with a liberal like Wilson in control was too strong for them. But they wern't going to have this in peace.

It was well known that President Wilson wanted to release war controls gradually, so as to carry out the transition from war to peace production with as little shock to the economic system as possible, and he had planned accordingly. But the the day following the Armistice, Wilson's key man, Baruch, gave notice of resignation from his post, and publicity declared that he was in favour of the immediate taking off of controls and the winding up of the War Industries Board. Wilson tried

to carry out his former plan without Baruch, but met with too great a resistance to be able to do it. The War Industries Board continued for a while under other management. But within a few days of the end of the war further mention of it was dropped, as at a censor's behest, from all the large-circulating American newspapers. Before the war ended, its varied activities were scattered profusely over every page of every newspaper. A few days after the war, to judge from reading the papers, it might never have existed. Government control of industry in wartime for the defence of American capitalism—perhaps. But Government control of industry in peacetime, that would be Socialism—never. So said the American monopoly capitalists, from that moment getting stronger and stronger.

Bernard Baruch, as shown in the official report of his office issued in 1921, realised that his war organisation would have the effect afterwards, both of greatly increasing production and of greatly increasing the power, profits, and concentration of the large and largest corporations, and pointed out that, if something were not done in the public interest to offset these factors, they would be likely to lead to an unbalanced economic condition in the future. Baruch was in a position to realise what economically had been accomplished, and he was right. For US industry after World War I did not go back to where it had been before. The War Industries Board had produced a unification and national organisation of industry which the US had never known before. If that unification could have been put at the service of raising the mass of the American people's standard of living and of helping the hundreds of millions of the world's people to do the same for themselves, what almost immeasurable benefits would have flowed from that proceeding! But for that purpose to have been served, the public controls would have had to be extended into peace, and at least the bulk of American industry would have had to be nationalised. Of course, voluntarily to cooperate with carrying out such proceedings, the great private owners of American industry would never for a moment have been willing. They had learned the economic advantages that the wartime controls and integrations had effected, but they were going to take the benefits of these in peacetime for *themselves*. The directors of the great corporations, as we explained, had dominated the wartime Industrial Control

Boards and had given their own corporations the lion's share of the contracts. They had squeezed out the little firms and in many cases put them out of business. In the postwar period they began buying them out and taking them over and thus getting bigger and bigger, while in other cases they effected great amalgamations, so that big corporations grew into bigger corporations, giant corporations amalgamated, while the greatest of all swelled into monopolies. Moreover, Baruch's standardisation orders had shown them how to make internal economies in their own industries, and how to run their industries more efficiently and thus make greater profits for themselves. So after the immediate postwar boom and slump (caused by the jerky change-over from war to peace) had been overcome, industrial production in the interwar period in the US grew and grew. And so did the American monopoly capitalists' profits. This may be gathered from glancing at the following Table, showing the number of millionaire income-receivers for the years 1919-1929, taken from the US Department of Internal Revenue's *Statistics of Income, Part. 1,* Historical Summaries Section. A millionaire income-receiver, by the way, is one who receives *as income* one million dollars or more, after tax deducation, for the year in question:

NUMBER OF U.S. MILLIONAIRE INCOME-RECEIVERS IN THE "PROSPERITY" PERIOD, 1919-1929

Year	Number of millionaire income-receivers
1919	65
1920	33
1921	21
1922	67
1923	74
1924	75
1925	207
1926	231
1927	290
1928	511
1929	513

This Table shows only millionaire income-receivers—those at the very top. There were still greater numbers, of course, of near-millionaire income-receivers and near-near-millionaire income receivers. The mass of the working people were getting roughly the same incomes through the whole 1922-1929 period. Most of the surplus was going to those at the top.

Actually, the interwar peak year, 1929, in the US has been the subject of much study since, and more is known about income distribution and general economics in that year than in almost any other year in the US. Further examination of the Department of Internal Revenue's *Statistics of Income, Part I,* for that year reveals that one income-recipient drew an income of at least $21,000,000 for that one year alone. While the Brookings Institutions's well-known study, *America's Capacity To Consume,* based on that year, shows that in this year over 5,000,000 American citizens had to subsist on an income averaging below $350 each. So that, at one extreme, we had one person drawing an income for the year of over $21,000,000 and, at the other, over 5,000,000 persons getting an average income of below $350 for the same period.[1]

Now supposing the bulk of increasing US output in the years after the 1921 postwar slump had gone to the mass of American people instead of to the comparatively small number of large-scale owners of American finance and industry. Well, it couldn't have happened under American monopoly capitalism. And if it could, there would have been no slump in 1929. By 1929, American industry reorganised for production following the experience of World War I, was producing far more than ever before. But the great private owners at the top, with their smaller brethren and camp-followers and other henchmen, were raking in the profits that gave claims to the major part of the surplus. By 1929 US industry was producing this vastly increased amount with 20% of its plant still out of operation. A millionaire income-receiver couldn't possibly spend (consume) that tremendous surplus on himself and his family and friends in one year, living at the topmost height of luxury. There is a limit, even of the rarest and most

1 Or translated into British currency at the then rate of exchange, for the year 1929:

	1	income-recipient	got . .	over	£4,600,000
over	5,000,000	income-receipients	averaged	under	. . £80

expensive foods one person can eat in a year, clothes that he or she can wear in a year, houses he or she can live in in a year, and so forth. When they had done their best, mountain-like surpluses of food, clothes, cotton, wool and so forth remained. Anyone alive and of adult age at the time will remember between 1929 and 1934 those figures of tons and tons of wheat used as fuel for railway engines; tens of millions of bags of coffee yearly destroyed, sometimes burned, sometimes taken out and dumped into the ocean; percentages up to one-quarter of the whole of the US cotton crop ploughed back again into the ground; gallons and gallons of milk poured out onto the ground or into rivers; millions of oranges transported to ports, not sold, and thrown overboard into the ocean; pigs and cattle slaughtered by the hundreds of thousands because the mass of the American people hadn't the money to buy them with to eat—and so on. Meanwhile hundreds of millions in India and China were, as for ages, living just above starvation level. And so were millions of Americans. When Roosevelt came to office in the spring of 1933, there were between 16,000,000 and 17,000,000 Americans unemployed. And with no unemployment benefit to support them. This America that went into the Great Slump in 1929, and dragged the whole western world after it, was still in the same slump in 1939, for which year its unemployment figure was still 10.4 millions. Only war production got the US out of its slump again. Oh, yes, the US economy can produce *for war,* can carry out Planned Production for War. What it cannot do is to carry out an equivalent Planned Production for Peace, for the purpose of constantly raising the standard of living of the great working masses of its population. Why? Because that can only be carried out under a Socialist economy.

It may be asked: What has all this to do with Woodrow Wilson? What we have been viewing is the *real* America. And now with that knowledge, we shall better understand the passing of Woodrow Wilson.

The dominating controllers of the great eight Economic Interest Groups, which in the post-World War I period began to dominate the whole of US economy, knew which way they wanted to go after World War I, and which way they didn't want to go. They didn't want any more Wilson, with his ideas of continuing economic control of *their* industries in peacetime,

and of bringing in a number of even mild liberal laws for the the slight betterment of the working masses of America. No, they didn't want that. They wanted to be rid of Wilson as soon as possible. They wanted, as soon as they could in the postwar period, to take in profits on a wartime level in peacetime—and more. America had won World War I, hadn't it? Certainly, its ruling class had. America was still well out of range and getting stronger and stronger (especially its top capitalist class), while the main European countries were smashing one another to pieces. And these top US capitalists were determined that the economic benefits, offered by victory in World War I, were to go to *them,* the ruling class of the USA, and not to the masses of the American people. To ensure this, they had to get rid of the Liberal-Democrat Wilson and return to Republican Government. So they kicked out Wilson and his followers by mercilessly ridiculing and kicking out his League of Nations. Whether or not the US joined the League was important, but it was secondary to getting rid of Wilson and his partisans. They knew that by throwing out the League, they would throw out Wilson and his following. And so it turned out. Wilson, it became clear, had launched the League for the other countries of the world. In his own country, the bulk of the American press (in Republican hands) made a guy and laughing stock of it, and the big-business-controlled Senate booted it out. Of course Wilson went out to fight them. The *Encyclopaedia Americana* ends its quite lengthy review of Wilsons's life and activities as follows:

> "Wilson returned with the Treaty [of Versailles] and, calling Congress together, laid it before the Senate on July 10, 1919. Immediately the bitterest opposition was manifest... He recognised that the essentials of his whole career in the White House were under attack... He made a tour of the country on behalf of the adoption of the Treaty and the League of Nations. He spoke at Columbus, Ohio, at St. Louis, and many other points in the Middle West and on the Pacific Coast. Everywhere he urged the acceptance of the Treaty and at many places received extraordinary ovations. But he was taken ill at Wichita, Kans., and was hurried home to Washington, where he was kept in bed for several months. He never regained his health. The real cause of his death was a stroke of paralysis which followed the collapse above referred to."

Thus Wilson was struck down suddenly while explaining and defending his League of Nations amongst the American people. With Wilson incapacitated and out of the way, the

attack and ridicule of his League of Nations was stepped up and given a free run. The League was discounted, Wilson was discounted, Liberalism was discounted, the American Democratic Party was discounted. Warren Harding, a Republican, one of the most dissolute and corrupt figures that has ever occupied the While House (and that is saying much), was in 1920 elected President. Under his aegis, with Andrew Mellon, one of the top American multi-millionaires, as Secretary of the Treasury, the US launched out on the post-World War I millionaires' business spree we have described. The sudden collapse and disappearance of Wilson from the political scene left the coast—and the whole country—clear to them. How they used used the results of "victory" we have indicated.

The next American liberal President, who was in office in the next great war in which the US was engaged, was Roosevelt, whose conduct and statesmanship as wartime President greatly contributed to the successful outcome of that war, and to the still greater promise of its peaceful outcome afterwards. However, his sudden death 26 days before the end of the war and 13 days before the founding of UNO, on which he led set his heart, cut this promise short. It will be instructive to go back and review certain events leading up to this unfortunate occurrence in some detail.

4.

MORE LIGHT ON ROOSEVELT AND HIS POLICY OF PEACE

Roosevelt was first elected President of the United States in 1932 with a clear mandate from the American nation to take any steps he deemed necessary to counteract the Great Slump, then at its worst. The term of office of an American President is four years. By 1936 Roosevelt had helped to lift the American nation out of the worst phases of the slump. This he had done by initiating activity in three main ways—by setting in

operation great public work schemes, by instituting unemployment pay, and by increasing the taxation of people in the upper-bracket incomes. These and other measures, which he took to get America out of the slump, were progressively conceived, though they would have been still more successful, if he had not in many cases allowed them to be carried out by men with Wall Street connections. However, they had the effect of lifting America out of the slump's worst phases.

In the early stages of his office the American monopoly capitalists were only too grateful to Roosevelt for getting them out of the worst of the mess that their selfish policies had got them and their country into. Actually, when Roosevelt first came to office in 1933, such was the economic and industrial dislocation of their country, that it looked to many as if the United States was heading for complete economic breakdown and revolution. Roosevelt acted in such a way as to give American top capitalists their capitalism back again—not intact with the full powers they had formerly possessed, but largely so. When it became clear to them that Roosevelt had safely piloted them to this stage and that they were once more safe, they began to fear the course that his progressivism (mild as it must appear to us) seemed to be taking for the future. A few of them, it is true, were grateful for being saved, but most of them began to react so violently against his mildly progressive measures, that no epithet in their mouths was too black for Roosevelt. Nor were these epithets confined to their mouths; it began to be clear that sinister wishes and intentions were forming in the minds of many of them also. These began to manifest themselves more openly after 1936; that is, after Roosevelt had been elected for a second term of office. In the early part of this second-term period, Roosevelt had set his mind on reconstituting the American Supreme Court (a constitutional body of 9 men, then composed mainly of large-corporation lawyers, mostly over 70 years of age), which was constantly declaring his more progressive Acts, passed by the two Houses of Congress and signed by himself, to be unconstitutional. The Supreme Court, in fact, had become the instrument through which the great American monopoly capitalists were able to get declared illegal the more liberal of the Acts the Roosevelt Administration had got passed as law.

During 1937, when the Supreme Court Bill was being

drafted for Congress, feelings on both sides ran high. It got to such a pitch that, in the after-dinner speeches of outstanding Republican bankers and capitalists, no meal seemed complete without threats being publicly expresed against the life of the President. Actually, in this period a remarkable "incident" did happen—though not on this occasion to the person of the President. Of its relation to the Supreme Court issue, however, there was certainly no question.

Senator J. T. Robinson was at that time the leader of the Democratic Party, which had a majority in the Senate. On the morning of July 14, 1937, the very day after the Supreme Court Reorganisation Bill had been introduced for the first time in the American Senate, Senator Robinson was found dead on the floor of his flat. The London *Times* of July 15 thus timidly reports this incident (which in the United States drew forth special newspaper editions with flaming headlines —the present writer, who was in New York at the time, remembers them well):

> "Death interposed its argument against the Judiciary Reorganisation Bill early this morning, when a negro attendant found the body of Joseph Taylor Robinson, the Arkansas Democratic majority leader, stretched on the floor of his flat near the Capitol. Senator Robinson had passed away at night, the victim of heart failure, which unquestionably [unquestionably, of course] had been aggravated by his own vehemence, the exactions of his legislative duties, and the torrid heat of this section of the 'oven area' of the country."

The outcome of this incident was that the Supreme Court Bill was dropped. One may ask oneself why the death of their leader, immediately after introducing this necessary and important Bill, was allowed to deflect his ample following from going on with and passing the measure. That is what would have happened, had a similar event occurred in most other countries. But things often happen differently in America. Senator Robinson's very sudden death may be said to have killed the Supreme Court Reorganisation Bill also. Such being another example of the "way of life" in America.

In the first and second terms of Roosevelt's office the Southern Democratic millionaire, John N. Garner, had been chosen Vice-President. In the Southern States of the USA, the Democratic Party maintains and operates lynch law to stop

the negroes from getting uppish and voting. This brings the Southern Democrats in Congress very close to the reactionary Republications and not infrequently they get together and vote the same way.

This millionaire Vice-President Garner, far from being an exception, was thick in with the Republicans (i.e. the political representatives of biggest business) and was constantly scheming with them, behind the President's back, to counteract his more liberal policies in Congress. Had any of the numerous threats that were made at that period against Roosevelt's life then matured, Vice-President Garner would have become President, in which case a pronounced halt would have been called to Roosevelt's progressive activities.

Before the year 1940, no American President had ever served more than two terms of office, and it is not strange that in this Presidential year the whole American Right was loud in its claim that there should be no departure from this tradition. But both on account of the war situation and for other reasons, Roosevelt in 1940 agreed to stand for a third term. He, however, expressed himself as willing to do this, only if allowed to nominate his own Vice-President. Furthermore he refused to make the nomination except at the last moment and direct to the Democratic Convention, assembled to nominate its Presidential and Vice-Presidential candidates. Nor did Roosevelt attend the 1940 Democratic Convention in person. He telephoned to the Convention from the White House, naming Henry Wallace as Vice-Presidential candidate, and refusing without this nomination to stand as President. However, Mrs. Roosevelt, a good speaker, was there to address the Convention in favour of Wallace in her husband's stead. The Convention did not altogether relish this method of choosing its Vice-President, but conformed to Roosevelt's wishes. It is significant that, thereupon and for the whole of his third term of service, there were no Presidential death-threats from American top capitalists and Republicans. Had Roosevelt died during his third term of office, he would have been succeeded as President by Henry Wallace, who was more radical and Left than he! From then on, the public death-threat speeches against Roosevelt stopped as if by magic. Roosevelt for the time being had established his personal safety at home.

We will now leave this period to turn to later events and

the war. The first Big Three meeting of the war took place, it will be remembered, at the end of November, 1943. Here Roosevelt and Stalin met and shook hands for the first time —the first meeting of the President and Commander-in-Chief of the American people and armed forces and of the Premier and Generalissimo of the Soviet Union's people and armed forces. A bond of personal friendship sprang up between these two from that meeting and began, through them, to draw the people of their countries closer together in amicability.

Again it is interesting, in view of later events, to note that Churchill strove hard to bring about the second Big Three meeting in 1944, but Roosevelt refused. Roosevelt felt he had no authority, as President, to represent his country again at a Big Three meeting *before* he had been re-elected in November of that year. For that would be taking the people's verdict for granted beforehand which, as a democrat, he felt he had no justification for doing. But he did the next best thing. Re-elected in November of 1944, he gave his consent for the Crimea Meeting to take place at the start of February, 1945.

There, under Roosevelt's chairmanship, the bonds between the Big Three, particularly the United States and the Soviet Union, were tied closer still. Later we were to see how different was Churchill's attitude from Roosevelt's. Churchill arranged to officiate as Britain's principal representative at the third Potsdam Big Three meeting in July, 1945. Half-way through that meeting, it turned out, he was no longer Prime Minister and British leader!

There is another American incident of this late war period we have to note—an incident whose effect has since had world-wide repercussions. In the course of the war, James F. Byrnes, a Democrat from the Southern State of South Carolina and a member of the Roosevelt War Cabinet, had manoeuvred himself into becoming the most powerful member of that Cabinet. The position is well described in the New York *Nation* of March 4, 1944 (eight months before that year's Presidential election) by that paper's very able and penetrating former Washington correspondent, I.F. Stone, who in that bygone issue then wrote somewhat prophetically, as can now be realised:

> "The background of the week's events is comparatively simple, and may make the events themselves easier to understand. It is that the United States is emerging from the war enormously

enriched and completely unscathed, and faces the post-war period as the greatest capitalist power on earth. The country will henceforth, until adversity reawakens the people and revives the progressive movement, be a citadel of world reaction. As a result of compromises believed necessary to mobilise the nation, one strategic post after another has been relinquished to men representing monopoly capitalism. Wartime prosperity has stilled the desire for social reform from which the New Deal drew its life, and wartime disarrangements and hardships—petty as these are in perspective—have provoked a vast amount of dissatisfaction with the "ins"... The feeling among large sections of the people is on just that low plane. The producers in all trades—labour, agriculture, and business—seem chiefly worried that someone else may be making more out of the war than they are, while the representatives of the great aggregations of wealth, tremendously increased by the war, use these dissatisfactions further to make the President their prisoner and the future their secure domain. In the process the ugliest reactionary tendencies of the middle class are awakening and being encouraged. These are clearly visible in Congress....

Further compromises will certainly be the advice of the President's major advisers, most of whom are now men of much the same outlook as the men in Congress he is fighting.

The most powerful of these advisers is James F. Byrnes. Never a progressive, he was appointed 'assistant President' in the hope that his old contacts in Congress would make it easier for the President to obtain legislation for carrying on the war. But the compromises such an alliance has entailed have been one-sided; they have increased the power of Byrnes without perceptibly helping the President 'on the hill' [i.e. in Congress]. The President has become entangled in the consequences of these compromises, become so completely the prisoner of the reactionary influences Byrnes represents, that it seems no longer possible for him to provide any clear line of progressive leadership. The same President who sent a fighting tax-veto message to Congress on Monday had surrendered over the week-end on a far more important front. Quickly and quietly he signed the "blank check" directive written for him by Byrnes putting into effect the major recommendations for the Baruch-Hancock "millionaire Beveridge plan" for post-war America. The one important instrument we have for a better life after the war, our vast government-owned productive resources [huge, latest-type new plant built with the American people's money for war purposes], were thereby handed over to Will Clayton, Jesse Jones's chief lieutenant, a man of the extreme Right, a trader in cotton of imperial and world-wide power, a dealer with Axis countries before Pearl Harbour, and a monopolist to the core. [Will Clayton later, under Truman and Byrnes, became Assistant Secretary of State at the State Department.]"

It will be readily understood from this that the big US Interest Groups, which at that point of history were able through Byrnes and Jesse Jones to exercise so much influence on Roosevelt's actions, were extremely loath to leave Wallace as Vice-President to Roosevelt, about to enter on an unprecedented fourth term of office when the war was perceptibly beginning to draw towards its close. A gigantic internal battle began to develop for the post of the fourth-term Vice-Presidency—between Wallace, representing the extreme Left-wing of the Democratic Party, to retain it and Byrnes, representing the extreme Right-wing element, to supersede him. This contest threatened to have electoral repercussions that were pictured to the President as being detrimental to a favourable outcome of the election. The Right-wing of the Democratic Party, using this argument as leverage, managed to get Harry S. Truman (also a Southern Democrat) as a compromise between the two main contestants. Byrnes and Truman were old friends, both having formerly been Southern Democrats in Congress together, Truman in the junior capacity. Byrnes, realising that he would not himself be able to obtain the post, used his weight to support the cause of Truman. Thus was Roosevelt prevailed upon to sanction the ousting of Wallace from the Vice-Presidency for his fateful fourth term of office. That is to say, his Wallace safeguard had been removed. Who knows what might not have happened, had this not taken place? He might have completed his fourth term of office and be with us still, and the welcome prospect of long fruitful peace be stretching hopefully before us into the distance as a consequence.

After his return for a fourth term in the Presidential election of November 1944 and the closely following second Big Three meeting in the Crimea in February 1945, Roosevelt once more won back his political initiative. One of his first acts in consequence was to bring back Henry Wallace to prominence, putting him in charge of the Department of Commerce, a key post if a peace economy of "full employment" was to be put in operation after the war, as it is known his intention then was. Well-informed Americans know that Wallace, together with his former economic adviser, Mordecai Ezekiel, far back in prewar days, had worked out ambitious plans on a nation-

wide American scale for putting this policy in operation.[1] This policy of "full employment" was based on a series of stepped-up, nation-wide, peacetime production plans for the whole of American industry, and was to be carried out under certain definite Government controls to ensure that the planned quotas would be forthcoming to date in all industries. The great US Economic Interest Groups, now bigger and economically more powerful than after World War I, no more relished this idea after World War II than they had done after World War I. Indeed less, for now the plans for this were more advanced and more specific. Also as a result of the War Production Programme, US industry, but particularly the giant corporations, had had their plant renovated and increased by 50%. And almost two-thirds of this increase of 50% had been made at the American taxpayers' expense. That is to say, 20% of the latest and most valuable of American plant was now American public property. But Byrnes, Jesse Jones, and Will Clayton so manoeuvred it that the corporations to whom this great plant had been temporarily presented for war production purposes were given the option of buying it back for a song after the war. So we see that, in the US as a result of the war, the reverse was taking place of what was happening in Eastern Europe. In the US immediately after the war, privately-owned giant corporations, for a nominal sum and at the public expense, were able to increase their plant and productive capacity 50%. By the process of *de-nationalisation*—the opposite of nationalisation. By the process of transforming public property into private. Much of the greatly strengthened US productive power we have observed since the war is attributable to this circumstance. Where nationalisation of privately-owned plant in Europe and elsewhere began to be the postwar aim, in the monopoly capitalist US de-nationalisation of the newest and most powerful nationally-owned plant became the rule. Naturally, the American corporation-directors and multi-millionaires were determined to grab and hang on to their new power weapons. Their grabbing of this huge and extra power is the

1 For detail of these plans see two books by Mordecai Ezekiel: (1) **$2,500 A Year, From Scarcity to Abundance** (Harcourt, Brace, 1936) with a preface by Henry A. Wallace. This book sketched broad plans to make $2,500 a year the minimum income for Americans—at prewar prices, of course. And (2) **Jobs For All By Industrial Expansion** (Alfred Knopf, 1939). Also a war-time book by Wallace himself: **Sixty Million Jobs** (Simon & Schuster, 1945).

cause of much of what we have observed happening since. The American multi-millionaires were, in reality, appropriating the American people's plant, bought and paid for with the American people's money. At a time when the plant in the rest of the world had been to a great extent smashed up and worn down by war, this gave them a greatly added power. They were determined to use it for forwarding their own purposes.

How did Roosevelt view this new position? The very high unemployment figures in the prewar United States (which averaged some 10,000,000 for the whole period, 1930-1939) and the rising expectations of American working people as a result of the war (when unemployment practically disappeared) seemed to Roosevelt to call for super-New Deal measures. And these, after his fourth-term election and the Crimea Big Three meeting, he had become determined to put in operation.[1] This fact, of course, was well known to those in his inner counsels. And all of even these by no means approved. But the knowledge of it by no means ended with these. The American big business system has its own very ramified intelligence systems with expensively long ears.

In addition to this and also very much behind the scenes, another factor was operating which was known only to a very high-up handful. Experimentation to produce an atomic bomb and the release of atomic energy, which had for two years been pushed with tremendous vigour and colossal funds, was expected early in 1945 to yield results. When the astounding results would mature, as they were expected soon to do in the final

1 Henry Wallace, Roosevelt's former Vice-President, speaking at Manchester on April 12, 1947 (the second anniversary of Roosevelt's death), told his British audience:

"Roosevelt knew also that it was impossible to be a true internationalist without being progressive at home.... He prepared for postwar America an Economic Bill of Rights which would provide:

Jobs for all at good wages.
A decent income for farmers.
A fair chance for business men.
Housing and health care for all.
Unemployment protection.
Protection against accident, sickness and loss of income in old age.
Education for all.

If Roosevelt were living today that Economic Bill of Rights would be part of American life, and a progressive America might well be part of the One World advancing towards permanent peace."

stage of the war, Roosevelt would probably want to claim them for the benefit and future benefit of the American people, and perhaps of the world's people. Whereas the top protagonists of the capitalist order saw that this, with the way the war was going, would be fatal to their future. The atomic bomb must be saved for *them*. Must save them by saving their system. Such was the secret and tremendous conflict as to the future that faced the comparatively few men at the top in the know at the end of 1944, following Roosevelt's fourth Presidential victory.

Soon after this conflict was taking shape and still as an important member of his Cabinet, Roosevelt to the Crimea meeting had taken Byrnes. Did Byrnes agree with what was there decided? Did Byrnes look on the prospect of long and secure peace, which that meeting seemed to promise—based on the establishment of friendly co-operation and tolerance between the different American and Russian economic systems, which would thereupon generate peace throughout the world—as something desirable? Did Byrnes view with zest the prospect of an American future with "full employment" as its foundation? And did Byrnes view with enthusiasm the prospect of an American future with a new super-power, dwarfing all previous power and soon to be available, made the property of the American people or the property of the people of the world? Neither his acts prior to, nor after, this meeting, nor his book,[1] provide any basis for such a supposition. Very much the reverse. However, what we do know for certain is that Byrnes shortly after that Crimea meeting resigned from President Roosevelt's Cabinet. As we are told by an article in the London *Observer* of April 22, 1945 (later in the same month in which the mentioned event happened), eulogising Byrnes:

> "James F. Byrnes has gone back to Spartanburg, his home town in South Carolina, where he will resume the rest he promised himself when he resigned his Government post. This was exactly five days before President Roosevelt died"

This article then continued:

> "He flew back to Washington to attend the new President. He wasn't asked to do so. He felt he would be needed, and nobody was more grateful than President Truman."

1 Speaking Frankly.

Thus we have it that Byrnes resigned his position in Roosevelt's Cabinet, on grounds of tiredness, just five days before the latter's death, but immediately offered his services to Truman, when the latter replaced Roosevelt as President. Truman offered him what has since become, after his own, the most important US executive office—the post of Secretary of State, equivalent in other countries to that of Foreign Minister. We are also provided with an eye-witness's account in the London *Daily Telegraph* of April 17 of President Roosevelt's death:

"Details of Mr. Roosevelt's sudden illness have now been given by Madame Elizabeth Schoumatoff, the Russian-born artist who was sketching him when he had the fatal stroke.

When she arrived in the room, which he used as a sitting-room, dining-room and study, chairs and sideboard were covered with State papers, which he had just signed.

The President's signature on State papers must not be blotted. It must be allowed to dry naturally.

The President's cousins, Miss Margaret Suckley and Miss Laura Delano, were also in the room. While Madame Schoumatoff stood by her easel, Mr. Roosevelt worked at a card-table covered with papers.

"As he was looking over the papers," said Madame Schoumatoff, "I started. I engaged him in conversation so as to get expressions."

After half an hour a Negro butler arrived with the President's lunch—gruel, which he disliked. Mr. Roosevelt said to Madame Schoumatoff "Now we have about 15 minutes to work."

These were the last words Madame Schoumatoff heard him utter.

"He looked strangely well" she recalled. "Shortly afterwards he raised his left hand to his head and pressed his temple. He ran his hand round his forehead and kept pressing it. Almost immediately after he reclined slowly back in the chair as if he had fainted."

Mr. Roosevelt's cousins and the butler rushed to his side. One of them asked Madame Schoumatoff to call a doctor. She left later by car and it was not until she reached Macon early that evening that she learned that President Roosevelt was dead."

These events, as we now know, took place the very day before Roosevelt was to have made one of the most remarkable peace statements ever to be composed by a man in a prominent public position. Had Roosevelt lived one day longer, we should all have read or heard this peace speech and, its lovely contents

once publicly given out to the people of the world as the statement of the President of the most powerful country in the world, it could never have been forgotten or discarded. That peace speech of Roosevelt would have been a world event. As it turned out, though its final form was fixed and its phrases still cause a thrill of delight and hope to every lover of humanity who reads it, that great statement, as far as the world's people are concerned, has been purposely and wilfully buried. What! Roosevelt's last and final statement withheld from the American people, from the world's people? How can such a thing be possible, you ask? Well, have you or has anyone you know ever heard of it, ever read it, ever received any inkling that such a speech on the vital necessity of maintaining world peace was written and completed and waiting to be delivered by Roosevelt the day after he died? Through the course of all these eight long years or more since Roosevelt's death, have you heard any word of it? No, you have not. And that is why we, knowing that you have not, have given the most important part of that noble statement in an Appendix at the end of this book, so that now at last, after all this time, that buried statement may be resurrected. Roosevelt as the result of long and bitter experience, was well aware of the vigorous and dangerous anti-peace forces emanating from a small, but very powerful section in his own country. Roosevelt, in this last speech composed by him, specially underlined the importance, the necessity, of fending off a World War III (which he knew was favoured by the section mentioned) and, in fact, of setting out determinedly to eliminate all future wars and to make peace permanent. He was, of course, as the top sanctioner of the original atomic experiments, the first to realise and understand the atomic nature of future wars. For Roosevelt had vision. He also loved people, his follow-men. And, having this knowledge and this love of his fellow-creatures as the war drew towards its end, he considered he had a duty to deliver this vitally important message to them. But Roosevelt's light flicked out the very day before all arrangements were ready and fixed for him to hand on this vitally important message to the American people and the world's people. And no word of that speech has ever reached you. Nor have you ever heard that the day after his death he was to have delivered one. And nor has anyone else you know. So, of course, you will now

want to make good this deficiency. Very well, so you can if you turn to Appendix I, the first Appendix at the end of this book.

Yes, Roosevelt died suddenly the very day before he was to make that lovely peace statement in commemoration of Jefferson Day, which the US celebrates on April 13. That was also only 13 days before he was to open the San Francisco UNO Foundation Conference, which he wished to pilot into becoming the World Peace Organisation for the postwar world. He believed that such an organisation, if rightly initiated, was capable of laying the foundation of secure world peace from the end of World War II onwards. That is, if the Big Three nations were to meet in the right spirit and insist on acting in friendly co-operation together, when peace foundations were to be laid. To achieve this condition in the postwar world had become Roosevelt's dominating desire. He had set his heart on its accomplishment. Accordingly, for April 13, 1945, Jefferson Day, he had composed perhaps the second greatest peace speech (as it would have been, had he made it) ever to be publicly delivered[1]; and he had arranged himself to carry out the opening ceremony of the San Francisco Conference on April 25, twelve days later. But when that Jefferson Day dawned and the date came round for that Conference to open, Roosevelt was no longer the President in office. The very day before his great Jefferson Day speech, 13 days before he was to carry out the opening ceremony of the UNO Foundation Conference, and 26 days before V-E Day, the end of the War in the West, he had been spirited from the world in which these events were to take place. He was the *third* liberal American President to disappear suddenly from office at the end of a war, to the successful conclusion of which he had played an outstanding part. To him the people of America and the world were looking to lead them to win long peace with rising prosperity afterwards.

Nor was this the only catastrophe of this period. It has also to be recorded that two other outstanding Americans died suddenly in that critical period, 1944-1946, when the fight as to the future direction of postwar American foreign policy was being fiercely contested in the United States, and the great

1 The first often being considered the Sermon on the Mount.

monopoly capitalists of that country were seeking ruthlessly to destroy and root out Roosevelt's policy of maintaining peace and friendliness between the Eastern and Western worlds.

The first of these was Wendell Willkie. You will remember that Wendell Willkie was the Republican candidate in the United States, standing against Roosevelt in the 1940 Presidential election. He was beaten by Roosevelt, and later during the war went on a visit to America's main Allies—Britain, the USSR, and China. On his return he had become convinced that the one vital necessity after the war was to maintain the peace and comradeship forged during the war between these four great countries—the US, Britain, the USSR and China. You may remember that he wrote a book to this effect which had a huge circulation: *One World.* Actually, the general foreign policy conclusions he had come to were very close to, almost identical with, those of Roosevelt. As the enthusiastic sponsor of this policy, he put himself forward again as Republican candidate for the following Presidential election of 1944. But this policy was, of course, diametrically opposed to Republican tradition and outlook, since the Republican Party is the almost 100% political instrument of the US monopoly capitalists. The result was that Willkie got crushingly defeated in the Winconsin primaries. So he was kicked out emphatically at the start. The *Daily Herald*[1] of April 6, 1944 announced:

> "Wendell Willkie, after a crushing defeat in the Republican primary election in Winconsin today, is out of the fight for the Presidency. With two-thirds of the votes counted, Willkie supporters . . . are running last in the race."

Almost exactly six months later and just a month before the date of the Presidential election, the *Daily Express* of October 7 carried the following piece of information:

> "A germ lurking in the pages of a book has made Wendell Willkie, Republican candidate for the Presidency four years ago, seriously ill. Willkie entered hospital for a rest five weeks ago. Dr. Salzer, his physician, says he contracted streptococcic infection probably from a book taken into the hospital."

While two days later in the *Daily Mail* of October 9, Don

1 Henceforth all the mentioned newspapers, from which quotations are made, should be taken as being London papers, unless otherwise stated.

Iddon wrote from New York as follows:

> "Just before they put the oxygen tent on Wendell Willkie for the second time as he lay fighting for his life in the Lennox Hill Hospital, New York, the big man joked. "How on earth can I talk with that thing over my head?" [Some of the most powerful people in the US didn't want him to.]
>
> Those were his last words. An hour or two later under the tent, and unconscious, a heart attack—the third within 24 hours—struck him again, and Wendell Willkie, aged 52, the most powerful figure in American politics after President Roosevelt and Governor T. E. Dewey, was dead."

That was just 31 days before the Presidential election of 1944.

The other American to die suddenly in this period was Sidney Hillman. He played the principal part in the founding of: the American Labour Party (ALP) which functions in New York State; the formerly powerful and nation-wide Political Action Committee (PAC) of the CIO; and the corresponding middle-class National Citizens Political Action Committee (NCPAC): which three Left political organisations played a very important part in getting Roosevelt re-elected in 1944. These organisations in whose founding Hillman had played the leading role, were, of course, available at the proper moment under appropriate direction to form the political nucleus of a nation-wide American Labour-Farmer-Progressive or Third Party with an immense following. Hillman was also, it will be remembered, not only one of the principal founders of the CIO, but also the CIO's principal delegate in the founding of the World Federation of Trade Unions (WFTU), in which the Soviet trade unions and the British T.U.C. were prominently represented, and so had proved himself an active advocate of Big Three workers' and world workers' co-operation. It is also highly probable that, if Hillman had lived, there would have been no subsequent split in that body, as there has since been. As it was, Hillman died suddenly of heart failure 3½ months before the first critical, postwar American mid-term elections of 1946; when Willkie and Roosevelt were already out of the way; when Roosevelt's successor, Truman, had, as was universally recognised, demonstrated that he was in no sense a leader of the Left; and when consequently the situation was ripe for the founding of that vital Third Party in the USA, so important

to the world's peaceful and progressive future. But when this position reached its most critical election phase, Hillman was already missing from the picture. When this Third Party did later come into being, the US Labour movement, such as it then was, had already split and its following bacame insignificant. This turned the Presidential election of 1948 into a contest between Truman and Dewey, *both* representatives of US monopoly capitalism and imperialism. It was in reality a shadow-boxing contest, with the whole American propaganda apparatus whooping it up at its loudest to give the impression of a real political battle. The real opposition had been "fixed" and put out of operation before the event. As the *Daily Express* of July 11, 1946 (the day following Sidney Hillman's death) expresses it under an article headed "Hillman Dies—And Now?":

> "America's Left, already fighting a hard battle against a nation-wide Conservative trend, suffered a body-blow in the death of its guiding genius, Sidney Hillman.
>
> Hillman died of an heart attack in his summer home near New York. He was 59. . .
>
> Hillman's passing threatens the disintegration of the organisation which amounts to America's Labour Party—a fusion of Communists, Radicals and extreme Liberals, which he kept unified.
>
> Hillman and his party were largely responsible for FDR's re-election in 1944."

The *Manchester Guardian* of the same date, in one of its leading articles, writes:

> "The death of Sidney Hillman robs American labour of a great leader. He was a remarkable man. He was born in Russia, worked for a time in a Manchester clothing shop, and emigrated to the United States where, as head of the Amalgamated Clothing Workers, he built up one of the most successful of modern trade unions, with a constructive record which shows high imagination and confidence. It has built houses, run a bank, and taught employees [and employers] efficiency in their own business. The success of the Commonwealth of Industrial Organisations—the new American unionism—was in its early stages largely due to him. He was an early New Dealer, and in 1940 was brought in by Roosevelt as the representative of labour in the Office of Production Management and did a great work before and after America's formal entry into the war, in mobilising the munitions drive. He was much more politically minded than most other American union leaders—in this he was far nearer the European type—and as chairman of the Committee of Political Action he played a

large part in securing Roosevelt's return in 1944. This with the allied Citizen's Political Action Committee, was the nearest thing to a Labour Party the United States has had. He was one of the makers of the World Trade Union Federation formed last year—he did much to bridge the gap between Russia and the Western movement—and many hopes of American patricipation in the international labour and trade union movement were centred in him."

The *Times* of the same date, referring to Hillman's WFTU activities, relates that Hillman:

"showed great skill in harmonising the sometimes diverging views of the British and Soviet delegates. He was made a vice-president and member of the executive."

But all these invaluable qualities, making towards social progress and world peace, were suddenly withdrawn from the American and world scene when, as the *Daily Telegraph*, also of July 11, 1946 tells us:

"One of America's most respected labour leaders, Mr. Sidney Hillman, died unexepectedly from heart failure at his summer home at Point Look-out, Long Island, this morning."

The three men, whose sudden passing we have been considering—Roosevelt, Willkie, and Hillman—all favoured the maintenance of world peace, based on friendly co-operation between the East and West, between the Soviet Union and the United States. Roosevelt was the unquestioned leader of the Democratic Party; Wendell Willkie had, in 1940, been the leader of the Republican Party, and while he lived was one of its powerful voices; and Hillman was the great organiser of political Labour in the USA. The sudden and unexpected deaths of these three outstanding Americans, who all strongly favoured a future policy of peace and maintenance of friendly relations between the Eastern and Western worlds, was a tragedy for the world in this critical period of US postwar foreign policy formation, 1944-1946. It was almost as if the services of the divinely transcribing finger of death had been co-opted for this period by the US Un-American Activities Committee. Nevertheless, this is what in that period happened.

Of course, the real question that faced the Western world at the end of World War II was: Were the fruits of the winning of the war to go to the people or to be turned back again into the hands of the former bosses?

Naturally, the great financial-industrial chiefs of America were wanting the future to go to *them*, not to the American people. Or only to the American people insofar as the latter were willing to become the pliant and well-drilled instruments of the former to help them conquer the world. Such an attitude would never have been sponsored by Roosevelt as President. But precisely such has become the aim of those who have followed Roosevelt in this same office. It was Truman, who immediately succeeded Roosevelt, who set the new US post-war foreign policy pattern. If we understand the changed line which he, as President, initiated and developed, we shall have no difficulty in understanding the direction followed by those who are carrying on the same policy after him. This policy with its implications, is not yet understood. Since it is vital for all of us to understand it rightly, we shall presently examine the most basic part of it in some detail.

Roosevelt's death took place on April 12, 1945. UNO's opening took place on April 25, 13 days later. While V-E Day, the end of the War in the West, was celebrated on May 8, 26 days after the same unfortunate event. Thus UNO was was opened and the War in the West (and East) ended under the Presidency, not of Roosevelt, but of Truman. This was very satisfactory from the point of view of America's ruling clique of multi-millionaires. But it was a sad occasion for the masses of the American people and the masses of the people of the world.

Throughout the UNO Foundation Conference in San Francisco the Heart press, which is particularly powerful and profuse on America's western coast, roared insults and defiance at the Russians. One of the *first* acts of the American and British delegations to the Conference was to force UNO to admit the Fascist Argentine Government to membership against the strongly expressed dissent of the Russians. It was fairly well known by that time that the Argentine was admitting numbers of Nazi refugees into the country, particularly senior officers and generals. More recently it has been claimed that Borman, Hitler's designated second to himself, has made the Argentine his headquarters since his escape from Germany in the last days of the war. These were good grounds for Russian dissent. But these and suchlike policies were already beginning to be pursued by the US Government's representa-

tives and to be supported by their British equivalents. In this Conference, now that Roosevelt was no more, a wide and open rift was almost at once allowed to appear between the British and American delegates acting largely together, on one side, and the Russian delegation, on the other. And the principal British delegate, Anthony Eden, in conjunction with some of the most reactionary elements of the United States, played a large part in initiating this break in Big Three Nation co-operation that had been built up and become closer from the Teheran meeting onwards. Moreover, if Attlee, who accompanied Eden's delegation as leader of the Labour Party, disagreed with Eden's line, we heard no mention of the fact. It must therefore be presumed that he agreed with it. As the Labour Government he led followed precisely the same policy during its six years of office (in fact, followed every American move like a poodle-dog), it looks as if he must, either have agreed with Eden's line on this occasion, or have had no particular ideas of his own on these questions and been merely content to take Eden's directions as the correct British ones to follow for the future.

After the founding of UNO the next great events to take place in the world were V-E Day on May 8 and the first post-war British general election, which was held on July 5, but whose results were not announced till July 26. The astonishing results of that election, it will be remembered, were revealed in the middle of another of the great events of this period, the Potsdam Conference, at which the Allies imposed their terms on defeated Germany and made other postwar agreements between themselves. This was the Big Three meeting which opened on July 17, at which Britain began by having two main representatives (for it wasn't clear immediately after the July election who had become British Prime Minister, Churchill or Attlee, and was only decided in the middle of the Conference on July 26). Thus actually during the Potsdam meeting Attlee replaced Churchill. The other outstanding fact at this Big Three meeting was that Truman had replaced Roosevelt.

As we now know, the launching of the atom bomb was first broached and decided at that meeting. The successful exploding of an atom bomb, after previous concentrated experimentation, had only occurred a short time previously in New Mexico. Truman, with Churchill's backing or even

instigation, simply informed Stalin that a new kind of bomb was going to be used. Here we have the decision taken to use an atom bomb for the first time in the world.

Experimentation on a gigantic scale to produce the atom bomb had originally been started in the US, because it was feared that otherwise the Nazis might have the bomb first. It was actually Professor Einstein's pressure on President Roosevelt, with the aim of forestalling the Nazis, that was mainly responsible for that high pressured experimentation being made. Now with the Nazis beaten and their hands completely tied, and an atom bomb first previously successfully exploded in New Mexico, Truman and Churchill took the decision to use the bomb for the first time on the *Japanese.* Why? The official explanation was that it was to shorten the war. But let us review the circumstances of the Japanese war about that period.

5.

MORE LIGHT ON THE ATOM BOMB AND THE END OF THE WAR IN THE EAST

At that time, while a few American advanced forces were at Okinawa, a small island just under 500 miles from Japan proper, the main American forces were in the Philippines, well over 1,000 miles from Japan. Of course, by that time Japanese cities and harbours and their naval and marine fleets and air force had been badly knocked about by the US navy and air force. But the bulk of the American forces were then still *well over 1,000 miles from Japan.*

To wage a major war 6,000 miles from its own shores against a large and well-armed enemy with suicide-rather-than-be-captured traditions was no easy task, and on their own the US generals were not too happy about the outcome. They wanted help. It is not sufficiently well-known that the US General Staff was very anxious to have aid from the USSR to bring the war in the East to a quick and victorious conclusion. Otherwise without great losses extending over a lengthy

period, they could not see how victory over Japan could be obtained at all. Stettinius in his book on the Crimea Big Three Conference, when he was Secretary of State, clearly indicates the General Staff's concern in this direction as follows:

> "Even as late as the Potsdam Conference, after the first atomic bomb had been exploded at Los Alamos on July 16th, the military insisted that the Soviet Union had to be brought into the Far Eastern war. At both Yalta and Potsdam the military staffs were particularly concerned with the Japanese troops in Manchuria. Described as the cream of the Japanese Army, this self-contained force, with its own automonous command and industrial base, was believed capable of prolonging the war even after the islands of Japan had been subdued, unless Russia should enter the war and engage this army.
>
> With this belief, the President's military advisers urgently desired Russian entry into the war. Our casualties would be far smaller if the Japanese had to divert forces to meet the Russians in the north."

Accordingly, following Roosevelt's urgent request at the Crimea Big Three meeting, Stalin had undertaken that the USSR would enter the Japanese War three months after the war in the West was terminated. The Russians offered to enter the war in the East by driving the Japanese Kwangtung Army out of Manchuria. Their Kwangtung Army was the real pride of the Japanese generals. They had always reckoned that, whatever happened, if the worst came to the worst and Japan was successfully invaded by any enemy, the Kwangtung Army, consisting of over a million of their best troops, well armed with fortifications slowly and methodically built up, could hold out in Manchuria against any odds for at least ten years. It was against this force that Stalin had promised to turn the Red Army three months after the final conclusion of the war in the West, to which the Red Army had put the finishing touches by taking the Nazi capital, Berlin.

Actually, the central problem that was now at this time occupying Churchill and Truman, as the representatives of the top-capitalist and imperialist cliques of their respective countries, both of which feared and violently hated the Russians (a position and condition that was not true of Roosevelt) might be stated thus: The Russians have played the major part in winning the war in the West, can we afford to let them play

the major part in winning the war in the East, as they will be doing by smashing the Japanese Kwangtung Army in Manchuria? If the Russians are recognised by the peoples of the world after the war as having played the major part in the winning of the war in the East as well as in the West, what future will there be for American and British capitalism—the only two large-size capitalisms left in the world?

They knew that the USSR was poised to carry out its Crimea agreement made in respect to the war in the East. It was too late to stop it. Some action of a super-sensational nature was necessary to offset and smoke-screen the decisive effect of Russian arms in the two main fields of war. What could the solution be? What about using the atom bomb? True, this had been developed to hold defensively in reserve, so that Hitler should not have this terrible weapon alone and first. It is almost certain that Roosevelt would not otherwise have allowed the use of it against the Germans. Especially as the war was ending favourably for the Allies, as it was. It is *quite certain* that he would never have sanctioned the use of the weapon against the Japanese, when the Japanese were already badly mauled, and just before the Russians, by prior agreement on account of a special request from him, were just about to enter the war in the East. Roosevelt would never have done that, both because he would have recognised that the Japanese war, as it was, was about to enter on its last phase; and because he had no wish to steal a march on the Russians, as the release of the bomb would certainly do and fan up again all that terrible suspicion, distrust, and worse between East and West that had been tamed down as the result of their recently achieved co-operation in war. To do that was the *last* thing Roosevelt wanted. He wanted, after the war, for amicability to exist and grow between West and East.

But quite contrary were the aims of Truman and Churchill, the representatives of the topmost American and British capitalisms. Their aim was to save Western world capitalism for the future, even if this meant organising after the war to wage combined war against the Russians with the object of smashing the Socialist system permanently in that country—if they could. That was why the decision they took of dropping the two atom bombs on Japan may have contributed a little to the hastening

of the end of the war with Japan, but its real aim was *the release and shooting off of the cold war against Russia.*

What happened was this. Stalin, in answer to an urgent plea from Roosevelt, had promised Roosevelt at the Crimea meeting that he would be ready to enter the war in the East three months after the end of the war in the West. May 8 had been V-Day for the war in the West. Accordingly, with Russian punctuality on August 8, exactly three months later, the Soviet Union declared war on Japan and invaded Manchuria. Two days previous to this, on August 6, the US released the first atom bomb over Japan, and on August 9, the day after that on which the Russians declared war, their second. In this way the news of the Russian entrance into the Japanese war was sandwiched between the release of two atom bombs. Small wonder that the real significance of this news did not receive the notice it merited! An entire Soviet army, complete with great tanks, planes and all modern accoutrements, had been transported from Central Europe right across Asia to Northern China within three months of the end of the war in the West, and thereupon with staff plans complete, had begun to engage "the flower of the Japanese army" in Manchuria. A week afterwards the US's most advanced forces were still just under 500 miles from Japan proper, from which the Russians, now in Southern Sakhalin, were but 50 miles off. While in just over another week, August 25, the Red Army had overrun the whole of Manchuria. This was far the most rapid advance of the war, outdistancing in pace the hitherto former fastest—the Russian advance from Warsaw in Poland into Silesia in Germany. Thus in just over a fortnight the Red Army had liberated the whole of Manchuria, where the Japanese had reckoned they were good against all comers for at least 10 years! That was the *real* factor which ended the Japanese war. But the Japanese monopoly capitalists, with their Divine Emperor at their head, rushed headlong at once to surrender to the US. Why? If the war had gone on, the Red Army would have got to Tokio first. They had got to Berlin first. If they had got to Tokio too first, that would have given Socialism such a mighty advertisement that capitalism would henceforth have to take second place in the world. And following this from then on, it would be destined to do a comparatively rapid fade-out. Socialism is much more

efficient as a productive system than capitalism and operates to the advantage of the masses, which capitalism does not. The arrival of Russian troops first in Tokio, as well as Berlin, would have made this fact clear to the world's masses. It was the *last thing* that the dominating American, British, and Japanese capitalists wanted to happen. They were all strongly agreed on this. Therefore it was not allowed to happen. Their henchmen, Churchill and Truman and the Divine Hirohito, saw that it did not happen. Hence the two atom bombs on Japan just prior to and after the beginning of the Russian sweep through Manchuria; the world capitalist press *furore* released with the first atom bomb (and barely finished yet); and the stampede of Japanese divine capitalism to surrender to the US first.

But this would not, could not, have happened, had Roosevelt been alive and President. He was no stunt politician. He had at heart the future peace of the world. He knew that change in the direction of raising up the masses of the world's people is right and inevitable—and believed in it. He merely wanted the change to come by peaceful and not too rapid methods.

But the others, the American Southern-Democrat Truman and the British Conservative Churchill and the topmost banker-industrialists and great landed-aristocrats they represented: they didn't want change at all. To hell, they didn't! They wanted to maintain capitalism, which in their cases was imperialism. They wanted to defend and extend their capitalisms and imperialisms against the growing threat of Socialism throughout the world, to unite them and tie them together to give, as they thought, greater striking force and staying power. And, of course, as the way is with imperialisms, the greater wanted to absorb the lesser. That is why Truman, when President of the United Sates, sat in as Chairman to Churchill, when the latter at Fulton announced this policy to the world.

You see how much the main lines of postwar evolution would have differed, if the light of Roosevelt had not been snuffed, one day before he was to deliver his great Jefferson Day peace speech, 13 days before he himself was to open the Conference to found UNO, less than one month before the termination of the war in the West, and only four months

before the Russian entrance into the war in the East, in which, because he was gone, the atom bomb was dropped.

But we weren't able, or allowed, to keep Roosevelt. Instead we have been provided, first with Truman, and then with Eisenhower. That is bad enough. But now we have had the first and have the second, let us see that we understand the foreign policy initiated by the one, and being carried on and supplemented by the other. For only after we have realised what this is, shall we be in a position to understand how to act in our own and the world's best interest.

6.

TRUMAN AND HIS POLICY AND STRATEGY OF AMERICAN WORLD DOMINATION

It is Truman whom we must first consider, for he it was who first set the new post-Roosevelt foreign policy pattern. There are quite a number of stories about Truman's political beginnings. How he failed at keeping a store, which is the American word for shop, and so tried his hand at politics to see if this would suit him any better. How, when he entered politics in Missouri, he was taken up by the Pendergast gang, a purely mercenary clique which ran Missouri politics, and by them was given a political leg-up. Naturally, if you owe your position to and are supported by toughs, you are expected to go in with their ethics and their interests.

However, we propose not to deal with such ancient history. The flavour may tell us something, but it is small fish. We propose to consider Truman after he had got to Washington as Senator and beginning, even then, with the war period. Some of his acts and statements from that time, if we are made aware of them and ponder on them, are sufficiently clarifying to enable us to get at the real policy aims he later set in operation. And these are what we need. It is indeed vital to our safety and welfare to understand them.

Let us go back to war episodes which most of us will remember. In the early part of May 1941, Hess, Hitler's former intimate and righthand man, made a sensational parachute drop in the north of England with the object of getting in touch with former members of the Link and Buchman groups, groups which before the war favoured close friendship with the Nazi regime. When caught, he asked to see the Duke of Hamilton, formerly connected with these groups. It turned out, in the light of after events, that he wanted to announce to the pro-Nazi British, Hitler's intention of switching the war and wanted, if possible, British co-operation in this aim, and if this wasn't possible, a kind of negative attitude, a non-interference, an attitude which would cause Britain for the time being to take no "active" part in the war. He didn't get any response to the first of these proposals—though that is the alignment that Churchill and others following his bent have themselves been advocating since the war. But events show that he did get a very great degree of co-operation for his alternative request. The last large-scale night-raid against British towns took place the night of the episode we have recalled. After that, night-raids of the former concentrated nature, knocking out parts of towns in one night, ceased. No doubt, this was planned as an extra inducement.

Six weeks later Hitler did switch the war. Unprovoked and without declaration of war, he invaded the USSR on June 22, 1941. The question immediately arose: What will be the attitude of Governments, principally of Britain and of the United States in this situation? The following day Churchill, the former chairman of the Anti-Socialist and Anti-Communist League, and now Prime Minister, with the same views, made a rousing speech, declaring British policy. After making it clear that he hated Communism as a political system as he had always done, he went on:

> "But now I have to declare the decision of His Majesty's Government—and I feel sure it is a decision in which the great Dominions will, in due course, concur—for we must speak out now at once, without a day's delay. I have to make the declaration, but can you doubt what our policy will be? We have but one aim and one single, irrevocable purpose. We are resolved to destroy Hitler and every vestige of the Nazi regime. From this nothing will turn us—nothing. We will never parley. We will never negotiate with Hitler or any of his gang. We shall fight him by land, we shall fight him by sea, we shall fight him in

the air, until with God's help we have rid the earth of his shadow and liberated its peoples from his yoke. Any man or State who fights on against Nazidom will have our aid. Any man or State who marches with Hitler is our foe. This applies not only to organised States but also to the vile race of quislings who make themselves the tools and agents of the Nazi regime against their fellow-countrymen and the lands of their birth. They—these quislings—like the Nazi leaders themselves, if not disposed of by their fellow-countrymen, which would save trouble, will be delivered by us on the morrow of victory to the justice of the Allied tribunals. That is our policy and that is our declaration. It follows therefore that we shall give whatever help we can to Russia and the Russian people. We shall appeal to our friends and allies in every part of the world to take the same course and pursue it, as we shall, faithfully and steadfastly to the end."[1]

This speech naturally expressed the wishes of the overwhelming bulk of the British people. In fact, all except those of the very topmost capitalists who, even under these violent conditions of modern war, hated Socialism more than they hated Nazism—i.e. German monopoly capitalism out for world domination.

Churchill in England expressed the almost universal will, and a sigh of relief and thankfulness went up throughout the country on hearing it. But England was already at war with Nazi Germany, with gaping holes torn in large parts of many of her foremost cities as the result of it. What was the American reaction in these circumstances? Amongst the general population, a similar kind of attitude, but far less intense, because the US was not yet implicated. But amongst the American ruling class nothing so universal. In fact, the first prominent Americans to open their mouths on the subject were the US isolationists—mostly Republicans and Southern Democrats. These for the most part were strongly pro-Nazi and they were strong in venting their opinion that America should keep out of the war. The *New York Times* reporters immediately began approaching all available Senators with the aim of reporting their views. With one exception, only Republican and Southern Democrat isolationists gave their opinions readily. The latter wanted the US to keep out and let the other two fight it out between them. The exception

[1] The speaker, who recited these lines so beautifully in 1941, it must be remembered, is today (less than 10 years later) shaking hands with these Nazis he then tongue-lashed so violently, and planning with them to turn against the Russians!

has an interest for us—and a meaning. The *New York Times* of June 24, 1941, writing of June 23, the day after the news of Hitler's attack on Russia was first made public, and after having reported the views of the isolationist Senators, tells us the following:

> "Congressional reaction to the newest turn of the European war was reserved. . .
>
> Senator Harry Truman, Democrat, of Missouri, suggested that the United States help whichever side seemed to be losing.
>
> "If we see that Germany is winning we ought to help Russia and if Russia is winning we ought to help Germany and that way let them kill as many as possible."

This statement of Truman's is significant. First of all, it will be noticed, he is one of the only non-isolationist Democrat members of Congress to make any statement at all. All the others were waiting for President Roosevelt to give the lead. Truman, on this critical occasion, alone of ordinary Democratic Senators puts a view forward. Needless to say, this view was very different from that taken by Roosevelt himself, who made it clear that he agreed with the statement of Churchill's. There are, indeed, good grounds for believing that Roosevelt made this fact clear to Churchill by trans-atlantic phone *before* Churchill delivered that speech.

Here was Truman, in the circumstances, publicly advocating a quite different policy—a policy of direct US intervention to aid the weaker side, whichever it turned out to be, with the intention of keeping the war going and helping each to kill the maximum number of the other. Looking back and knowing this fact, in addition to the other information we have, it is instructive to reflect that it was someone having *those* views on *that* occasion, and whose mind therefore worked *on those lines* who, by reason of the sudden and unexpected death of Roosevelt, moved into Roosevelt's vacated Presidential place in the United States.

Why, it may be asked, do we emphasise this particular occasion? Let us examine and see.

A little later in the same year in England, a somewhat similar instance arose with, relatively speaking, a still more highly placed figure, as things then were. You will probably recall the occasion. On September 2, 1941, some two months later at the Annual T.U. Congress at Edinburgh, Jack Tanner

of the A.E.U., in the debate on the international situation, startled the delegates and the country with the following words:

> "There is a point of view held in certain quarters which may result in the nullification of the whole war effort. There are people in high places who declare that they hope that the Russian and German armies will exterminate each other, and that while this is taking place we, the British Commonwealth of Nations, will so develop our air force and the other armed forces that, if Russia and Germany do destroy each other, we shall be the dominant power in Europe. Now this point of view has been expressed quite recently by a Cabinet Minister, a member of the present Government, a gentleman who holds a very important position, none other than the Minister of Aircraft Production, Colonel Moore-Brabazon. Such an attitude, I think, everyone here will agree is a terrible danger (Hear, Hear). . Moore-Brabazon, it may be mentioned, is a Tory of old-school tie vintage (Harrow and Cambridge). Prior to taking office he held several directorships in several large companies. It is also of interest to recall that he and Captain Ramsay, M.P., the imprisoned Fascist, were the guests of honour at a dinner party given by Sir Oswald and Lady Mosley in 1939."

This revelation, given fair publicity on account of the place and occasion at which it had been made, raised a great outcry throughout the country, and great popular pressure was brought to bear from all over Britain to force Moore-Brabazon's resignation. But Churchil who, as his attitude since the war has shown, must have shared Moore-Brabazon's sentiments, as unfortunately it since seems must many of his former Cabinet colleagues, did his best to restrain this pressure, and retain a Minister, who he probably thought had been indiscreet in publicly exposing his real sentiments, nevertheless whose sentiments he shared. That Churchill did have similar views has more recently been made clear, since Macmillan, Tory M.P. for Bromley, Kent, brought to light the memorandum which Churchill wrote right back at the time of the critical battle of Stalingrad, in which, it is clear, his concern was actuated by similar sentiments. On this occasion, however, the weight of decent British public opinion all over the country was too strong to be discounted, and on February, 1942, Moore-Brabazon left the Cabinet.

The sentiments expressed on these two occasions in both Britain and the US were fairly similar, but not identically so. But they both, of course, emanated from big business

quarters, or those representing them, in both countries. It is possible that Moore-Brabazon may have first drawn his particular version from the US, for the bit about "letting them both fight it out, meanwhile we build up our air force and become the dominant power in Europe", was not merely a slogan amongst the rich in the US at the time. It is what they have since aimed to carry out.

Certainly, the policies advocated both by Truman and Moore-Brabazon on these occasions were no more than examples of what has been British Foreign Office policy in relation to the other countries of Europe for ages, perhaps since a British Foreign Office formulating a British foreign policy has existed. Certainly, from Machiavelli's day. Elizabeth I used this policy. 'Dominate Europe', this policy says, 'by encouraging the next two most powerful nations in Europe to arm and go to war with one another. If necessary, to be sure of knocking out the stronger one, aid the weaker one. If the scales are rightly weighted, both will finally be knocked out, and our country will then be left dominating Europe'. Such is the policy. If it doesn't sound Christian and human, it may at first sound logical—the logic being at a level of schoolboys. For it pays no attention to what will be the feelings afterwards of the people in the two beaten countries towards the winning country, which used them both as stepping-stones to its own power. The policy in question only deals with the "next step". With the "long future" it appears to be quite unconcerned. The fact that the people of the two beaten countries may treasure feelings of revenge and hate against the first country and may afterwards combine to knock it out, doesn't seem to enter the picture. Such concepts of foreign policy are of course primitive, immature, childish, as well as being wicked and Machiavellian. They are policies, not having to do with the welfare of peoples, far less with the *long and permanent* welfare of peoples. They are policies concerned with the gaining of more power by a small restricted class. This class was mainly composed of kings and large landowning aristocrats up to the beginning of the industrial revolution. Following the industrial revolution, the latter intermarried, co-operated, mixed with the new industrial-capitalists and finance-capitalists, who gradually got more and more industrial control into their hands and by this means came to dominate

society. With both of these classes two main types of situation were constantly occurring, which made them want to go to war abroad. In the first case, having grown rich and powerful in their own countries through having obtained economic control over their own peoples, their desire to increase their wealth and power led them to go to war with other countries. So they went to war with their neighbours with the idea of conquering extra territories and people, and thereby becoming richer and more powerful. From the earliest recorded history, reliefs, tablets, chronicles are full of accounts of war prompted by this motive—apparently the most ordinary motive of war. The last great example, of course, was World War II. And the last but one World War I. In both cases the Junkers and monopoly capitalist rulers of Germany wanted to extend their territory and gain more power at the expense of that of their neighbours. This we call Reason I.

Then there is the second case. This is not so obvious at first. But when we consider it, we find that a number of cases of wars, which we first thought were due to Reason I, are really due to Reason II. Due, that is to say, to a second reason which frequently causes the ruling clique in a country to go to war, which is not primarily a desire to extend its realm or power abroad—though it may seem to be, and may be passed off as being, this. This happens when the ruling clique is worried with "home troubles"—troubles appearing to it to threaten its own class domination—in which case it may wage a foreign war of aggrandisement to distract the attention of its own people from the troublesome home matters. This is Reason II.

Certainly World War I was started partly for Reason II motives as well as for those of Reason I. In the pre-World War I Germany of Wilhelm II, the German Social-Democrat Party had become the largest Party in the Reichstag. What would happen, thought this resurrected Caesar, surrounded by his generals, if this "unnatural condition" were to be allowed to go on much longer? In Czarist Russia, especially since 1905, the fear of revolution had been constant. While the Britain of 1911, under a Liberal Government, had introduced unemployment insurance, Home Rule for Ireland, brought in a land-tax (affecting big landlords), and markedly curtailed the power of the House of Lords. To the aristocrats of Britain

this began to seem like the end of their world. So much for awkward "home" factors in three of the main countries involved in World War I, which might seem to the respective ruling-classes of those countries would be solved (though only temporarily, as they must have known) by going into that World War I. Again prior to World War II, in the worst period of the Great Slump, 1932-33, there were between 16,000,000 and 17,000,000 unemployed in the US, 6,000,000 in Germany, and over 3,000,000 in Britain—the three most "civilised" countries in the world! Naturally, such conditions are a threat to the continuance in power of the ruling clique—that is to say, the top capitalists and imperialists of these countries. The very rottenness of this condition is almost bound to lead to war. That is to say, war or revolution. And, of course, the ruling clique of every capitalist and imperialist country has a very strong preference, as between the two, for the former over the latter (i.e. war rather than revolution). When it is threatened (or thinks it is threatened) with the second, it tries to counter by producing the first. That is what happened after World War I in Germany and produced Hitler and World War II. That is what is happening after World War II today in the United States. And what is happening in the United States is being reproduced in Britain and the other imperialist countries of Europe. The reason that makes it more difficult for ordinary British people to understand this fact is, that a so-called Labour Government, put in power by the British people after World War II to carry out an opposite policy, allowed itself, under weak, inept, and politically dishonest leadership, to be pushed both by the American and its own ruling class along this same path.

What is wrong and leads to the results we have been observing—i.e. the wars with which the pages of history are strewn—is that Governments of nations have all, up to very recently, been *minority ruling class governments.* They have been governments of landlord aristocrats, governing in the interests, or what they believed to be the interests, of landlord aristocrats; or governments of company owners, governing in the interests, or what they believed to be the interests, of company owners. These classes have been primarily concerned in their governing with *maintaining and increasing their own power.* Power, first of all, over their own people. And, if

this could be, as they thought, safely and fixedly secured, power over other peoples. *These minority ruling-class governments have never been concerned with increasing the welfare of the whole of the people of their own country.* In fact, while they have often pretended that this was their motive, their real aim has always been to increase the welfare of their own class. And this, by the simple economics of the case, could only be achieved at the expense of the welfare of the other classes.

All we are seeking here to show is something which to any impartial and objective observer must be obvious: that Foreign Offices, State Departments, great landowners, top bankers, company directors, and politicians, who advocate a country gaining power through war, or by setting two other countries at loggerheads in order that the home country should become more powerful through their conflict, are members or officials of the ruling-class acting in the interests of the ruling-class of the home countries, and not in the interests of the masses of the people .

The first thing the *people* of any and every country need for their best welfare is *peace.* And the next necessary thing they need, and very closely allied to the former, is *social justice,* which eliminates, not merely minority ruling-classes, not merely ruling-classes, but classes—that is to say, economically antagonistic classes, altogether.

Once a society is based on, is setting out vigorously to base itself on, *social justice,* this automatically sets going an organisation of society that makes for *peace.* For with the minority ruling-class, and the system of private ownership of the means of production (which is the basis of its power and rule) removed from that society, the ruling-class motives that lead to war automatically pass out with it. The primary object of that society is then no longer to promote the welfare of a minority ruling-class, but to promote the welfare of all the members of that society, or certainly the welfare of the overwhelming majority of its members. In economic terms, that means raising the standard of living of the mass of people in that society. How is that to be done? Certainly, passing the huge incomes, which the minority class formerly obtained without working, back to the whole population who created them, will effect a certain amount. But that in itself is only the beginning. It is merely the step *which liberates that*

society for the first time to produce to the maximum. A society can only produce the maximum of goods and services of which it is capable, if it is organised as a complete unit to carry out this purpose. And this, in turn, can only be done on a Socialist foundation. When that foundation is achieved and when that society starts out to produce to the maximum, the astonishing fact is found that *this maximum increases by considerable amounts every year.* That means that the whole general living standard of a society founded on *social justice* (i.e. Socialism) rises by perceptible amounts every year. It means that the incomes of all the participants of this planned production, whose combined work produces this result, share according to their efforts in this constantly increasing standard of living. What sense would war have to a society engaged on such a process? It would stop this advance of its whole people and throw that advance backwards. The welfare of such a society—that is, of the whole people of such a society—advances, not by conquering other countries in war, but through its own productive efforts in peace. And the same, of course, applies under the same conditions to the *people* of all countries. It becomes possible to all countries which have got rid of their economically ruling class. When *all* countries, under Socialism, have got rid of their economically ruling classes, the result will be constant economic advance for the peoples of the world in conditions of *universal peace.* There is nothing strange or impossible about this. It is the natural outcome of a world in which domination by one class over the rest has been eliminated. In short, in a world whose economic basis is Socialism, universal and permanent peace will become a constant reality. On this basis, of universal peace achieved through universal Socialism, every nation will be able to carry out Production Plans for constantly raising the welfare, material and cultural, of all its people.

With this picture in mind, let us return and once more view our Foreign Offices, State Departments, large landowning aristocrats, great private bankers, private monopoly-industialists, fire-eating generals, marshals and admirals, wanting wars of conquest over other people; plotting to set two other nations at war together, so that their own, the third nation, standing a little away, may reap the benefit. Are the Foreign Offices, State Departments, Junkers, monopoly bankers and

industrialists and military fire-eaters, making all these war arrangements *for the benefit of their peoples?* Or are they doing it for the benefit of themselves and their like—*their class?*

How will it benefit the great mass of people to destroy great areas of houses and factories in a neighbouring country, while at the same time killing and maiming hundreds of thousands of its people? When it sets out to do this, is it not likely to have a like destruction done to itself? In which case *the people* will lose in both countries. But it is possible that *the ruling class* in the victor country may gain advantages over the people in the conquered country to make that victor ruling class still richer again. That will only make it want to wage more wars to get richer still. And so on and so on, along that path.

Truman's foreign policy, the US State Department's foreign policy, Eisenhower's foreign policy, Dulles's foreign policy, the American *multi-millionaires' foreign policy;* Churchill's foreign policy, Moore-Brabazon's foreign policy, the British Foreign Office's foreign policy; Bevin, Attlee and Morrison's foreign policy, which they learned from Churchill while in his Cabinet: is capitalist and imperialist foreign policy, acting in the interest, neither of the American people nor of the British people, but firstly, of the American multi-millionaires, and secondly, of their British very much junior partners.

For instance, watch in even comparatively recent years the British Foreign Office working its "balance of power" policy—and the effects. After 1900, Germany was rapidly developing into the second most powerful nation on the European Continent, formerly France. Therefore, after Queen Victoria's death, Britain's friendliness with Germany began to cool and its enmity to France to change to friendliness. As Wilhelm II began strengthening, not only his army but his navy, Britain formed the *entente cordiale* (cordial understanding) with France. That helped to balance the increasingly powerful Germany with France, and France for good measure (how good!) brought in Czarist Russia. Result: World War I. Great parts of Belgium and France knocked to pieces, and British casualties well over 1,000,000. Certainly, for the four years of war it solved Britain's growing pre-World War I unemployment problem! (This author, as a boy before World

War I, remembers battalions of unemployed workers marching through Liverpool and London streets, shouting in unison: "We Want Work. We Want Work.") However, one outcome was certain from World War I. The "balance of power in Europe" policy ended in war, weakened all the countries of Europe, and handed world economic leadership to the USA. So the American millionaires were convinced that the "balance of power in Europe" policy for them was a grand policy!

However, something else peculiar happened as the result of World War I. Certainly Germany was thoroughly beaten as the result of it. But something queer happened to Russia. That country didn't play the game, had a revolution and adopted a Socialist Constitution. After 1928, when with its Five-Year Plans its Socialism began to be put on a scientific foundation, its production began to go forward by leaps and bounds in a way the greatest capitalists and capitalist countries had hitherto thought impossible. It began at a hitherto unrealised and unbelievable pace to industrialise itself and develop a modern army. Germany after the war, had been prevented from rearming by the Treaty of Versailles. France, after the World Slump, began to degenerate very badly economically. Russia, with its huge area and comparatively large population, was rapidly developing into the dominant power in Europe. So the year in which Russia started on its Second Five-Year Plan, after completing its First in 4¼ years, saw Hitler transformed into Fuehrer in Germany. He had not only backing from the great German Trusts, but from Montagu Norman of the Bank of England, and the Morgan, Ford, and du Pont interests in the USA. Also Chamberlain helped politically to build up Hitler to smash Russia. It didn't quite work out the way he had planned. Because, instead of going straight and invading Russia direct, as Chamberlain had planned for him to do: by (1) helping him to eliminate his first great barrier to Russian invasion—Czechoslovakia and the Tripartite Franco-Czechoslovakian-Russian Mutual Aid Pact; and by (2) engaging in a phoney war, while Hitler removed the second barrier to Russian invasion—Poland: Hitler came against France, Belgium, Holland and Britain first. In the course of doing this, he smashed up portions of the French, Belgian and Dutch countries and occupied them, and badly mauled by air attack a large section of most of Britain's big towns.

Finally, Hitler did turn against Russia, and battles that must certainly have thrilled, satisfied, and overjoyed the British Foreign Office took place between the two countries. They were smashing up each other's armies on a scale unknown before. Germany ended the war with 3,500,000 casualties, the Russians with 7,000,000. Britain had only 300,000 and the US 400,000.

But, from the Chamberlain and British Foreign Office point of view, what has been the ultimate result?

Certainly, the USSR and Poland were smashed about far more than any of the other countries in the war, including Germany. The most populated, the most industrialised and the most fertile part of Russia, over an area equal to that of Britain, France, and part of Germany combined, was subjected to a scorched earth policy with German thoroughness. But the Russian Socialist economic system, which Chamberlain, the British Foreign Office, Churchill, Moore-Brabazon, and apparently most of the prominent British Labour leaders hate so much, is now flourishing, not only in Russia, but also over practically all the countries of Eastern Europe and is extending to China, that enormous country with the biggest population of any country in the world. Whereas Britain, which before World War I was the dominant country in the world (it had much the largest navy, its London was the financial centre of the world, and the land area and population of its Empire consisted of one-fourth of those of the earth), fell to second place to the US after World War I; while as the result of World War II, it is more and more becoming a second-class power and, following along its present line, developing every day more and more into a colony of the United States.

So Britain's "balance of power in Europe" policy, as operated by the Foreign Office since the beginning of the century hasn't succeeded in getting Britain anywhere much. On the other hand, the American multi-millionaires go into raptures about it. "Oh boy, what a gift!" they cry; and "Don't stop, sonny, keep it up" they chant about it with animation.

Up to comparatively recent times, Britain has always been at the *operating end* of the Foreign Office's *balance of power* and *divide and rule* policies. That was because Britain was formerly a dominating power in the world, which gave it the initiative. Today this is no longer the case. Britain has

attached itself to one of the two dominating powers of the world. The initiative lies no longer with it, but with them. Britain is no longer at the *operating end* of the *balance of power* and *divide and rule* policies which are now being developed in the world. Through the mistaken policies it has been following since the end of the war under the same old Foreign Office concepts, Britain is today forced into being at the *receiving end* of these policies.

True, maybe, the Foreign Office, one of the most persevering examples of ostrich-apparatus in existence, is probably firmly convinced that it is working its old *balance of power* and *divide and rule* machinery with an efficiency never reached before. It will say, maybe: "Before we only worked our marvellous and irreproachable *balance of power* and *divide and rule* policies on a European scale. But, look, today we have them in operation *on a world scale!*" By this, it means of course that the two main world powers today are the US and the USSR, and that it judges the US to be much the most powerful. If it joins its forces to that of the US, it is in the end bound to win, because the US, being more powerful, *must* win.

Alternatively, it says: If we can get the US and USSR to have a smash at one another, we can stay out, and when the two Goliaths have wiped out one another, this British David will step forth and once more dominate the world.

Both tosh, of course.

The proper name today for the Foreign Office is the Foreign Ostrich.

To take the second alternative first. This is just an exercise in word-lore, having no relation to fact or reality. First of all, Britain has already tied itself to the US pretty tightly. How therefore can it keep out of another war, any war which the US chooses to fight? Sample: Korea.[1] Secondly, Britain is geographically a kind of centre-piece in between the two contesting great powers, the US and the USSR. If it renounces all American commitments, it is conceivable in a proposed war between the US and the USSR that it could stay out, and that if it did, that might stop such a war

[1] But since this was written, an encouraging change in this policy occurred in the course of the winding up of the Indo-China war.

and make it improbable, if not impossible. But in so far as it allows itself to continue tied hand and foot, as it were, to the US, the second suggestion is tosh.

The first effort—tying Britain to the US because it is stronger and in the end must win—is just another effort in word-lore on the part of the Foreign Office. Repeating shibboleths.

Suppose two men start fighting savagely under conditions in which a third is tied to one and kept in between. Suppose the two go on for a pretty long time, till one has conked out. What in the meanwhile will be likely to be the position of the one in between? He will be likely to have conked out long before the other. He will have been getting it from both sides. So that victory and future progress, as considered from the point of view of the man in between who had tied himself to the other who finally won, would be rather academic, if his central position was such as to force him to be the first casualty. What use to Britain to start off tied to the US, "which must ultimately win", if it is itself the first to conk out? Just another example of British Foreign Office ostrichery—and no use to the British people or anyone else!

These are the age-old *balance of power* and *divide and rule* concepts as seen today by the British Foreign Office in terms of itself.

But today it is no longer the British Foreign Office, but the US State Department, that is at the initiating or working end of these "divide and rule" and "balance of power" policies. For, as we have seen, both from the words issuing from Truman's own mouth, and from actions bearing out those words and set in motion first by him, and then by those following him and carrying on his policies, it is the State Department that today has taken over and is now operating the old British "divide and rule" and "balance of power in Europe" foreign policy.

You remember that Truman on June 23, the day after the Nazi-Soviet war started, gave out for publication what his view was:

> "If we see that Germany is winning we ought to help Russia, and if Russia is winning we ought to help Germany, and that way let them kill as many as possible."

The obvious inference that follows from this is that "with these two giants knocked out, that leaves our side the victorious remainder". Not a pretty view in the mouth of one in such high office. However, we must recognise that this is the way Truman's mind works, and learn from it to draw the obvious conclusions. It is, after all, the reflection of the way the mind of America's ruling-class capitalism works. And the minds of all US Presidents representing that class will work likewise. The logic of that US capitalist-imperialist mind after the war worked thus:

Now that Germany has been knocked out, Europe must be divided. Europe must on no account be allowed to unite (that would, of course, solve most of its economic problems). Europe must be sharply split into two hostile camps. The one must be set to war against the other. We shall help the weaker half (the West). When they have both smashed one another up, knocked one another's cities to pieces, destroyed one another's industries, wiped out large sections of one another's populations, we shall be left in undisputed control of the earth. And the British, French, Dutch, and Belgium Empires will fall almost automatically into our hands.

That is quite simply the *real* policy set going by Truman to begin with, and being faithfully pursued (and with no less vigour) by those following him in office. Isn't it as clear as daylight from their unfolding activities? And didn't Truman, the initiator of this policy, explain it with his own mouth? Nor is this "balance of power" and "divide and rule" policy, today being operated by the US, confined to Europe. As events have shown in Korea and more recently in relation to Kashmir, Pakistan, and India, and with still greater force in China, the US is now also trying to push the same policy in Asia—the policy of setting "Asians against Asians", to use the words of the American President who has followed Truman in office. Indeed US foreign policy, after fanning conflict between Pakistan and India, has been busy trying to sell arms to both parties. However, India has up to the present been wise and clear-sighted enough to scout this "generous" offer.[1] But it

[1] A last-minute foot-note, applying specially to Indians, comes in here. As it is rather long and rather important to Indians, it has been given a special Appendix III to itself at the end. This also gives it the advantage of enabling it to appear in larger-than-footnote type.

is now quite obvious that Truman's "balance of power" and "divide and rule" policies in Europe are being extended to include Asia.

Truman's view of the right way to solve the Nazi-Soviet war evidently pleased the very topmost powers which dominate the economic and political United States. It was something they understood. Something they agreed with. They carefully noted who it was who made the statement. A Senator from Missouri, not very prominent hitherto. The man must replace Roosevelt. He, not Roosevelt, must be President after the war. Roosevelt will be dangerous. He is always doing things for "the people". The people, huh!

So Truman in due course replaced Wallace as Vice-Presidential candidate for the 1944 election. And in due course, just in time before the founding of UNO, Roosevelt passed from the scene, leaving Truman President. Our Wall Street "Allies" will tell us what happened then. Then "we" saved the situation with the atom bomb, which "we" could never have used, had Roosevelt remained President. And now by our taking over of the British Foreign Office's former foreign policy and suiting it to our own needs, "we" shall dominate the earth. True, Britain will be one of the first sacrifices, but what matter? There will likewise be many others. In the end, after the West and the East of Europe and various parts of Asia have damaged one another beyond repair, *we*, already the masters of the USA, of much of Western Europe and the Americas, and with *important footholds* in and around Asia, will be left in supreme control of the earth!

That, my European and Asian friends, if events, as they are at present set, are allowed to take their course, is what the future has to offer to you. Has to offer to us all.

In our last World War II, the two most destroyed sizable centres of civilisation were Warsaw and Stalingrad. As I sit writing now, I have in front of me an air-photo taken of part of Warsaw, as it was left after the Nazi departure. The picture is an ugly mass of jagged shells of houses (originally of four or five stories), now with all the insides burned or bombed out. Out of *hundreds* of wrecked houses shown in the picture, I can only pick out four standing together, which have roofs on at all. These four were probably used by the Nazis, and set aside to be destroyed last. All the rest are mere shells.

Between and amongst these house-shells ungainly, rubbish-like mounds of broken brick and rubble are interspersed. Such were the remains of a once lovely city. Nor was this a picture of the most destroyed section of Warsaw, which was the Ghetto. There, not even the shells of houses had been left standing. They had all been reduced to rubble. The Ghetto was one great mass of rubble, in which before clearance the difference between what was formerly house and what street, was no longer discernible.

A more recent and up-to-date example of the effects of modern warfare is to be found in Korea. After a year of war in North Korea, practically *all buildings*, including separated and out-of-the-way farm-houses, had been systematically reduced to ground level over the whole of the country, and a population of over a million (with a preponderating percentage of women and children) had been wiped out. And this in a country particularly devoid of big towns and cities and without the use of atom bombs. People who returned from North Korea immediately after the war said: "The *whole* of North Korea is *flat*". Meaning, of course, that the whole of man's handiwork in that area (an area equal to the size of Britain, but with a civilisation one thousand years older) had been reduced to nature's level again. Two thousand years of civilisation *flattened* in one year. That is the power of modern war —and with some of its most potent weapons still withheld.

Is this what we wish to happen to uniquely beautiful Paris; to gigantic, sprawling, lovable, historical London; to Stockholm, the lovely city on lovely lakes; to Copenhagen, the city of humorous towers; to Athens and Rome, the most ancient capitals in Europe, with their irreplaceable historical relics; to Oslo and picturesque Bergen; to Brussels and a host of unique and ancient Belgian towns; to Vienna, the beautiful city set in beautiful surroundings; to Prague, the romantic as well as historic; to Amsterdam, with its quaint Dutch houses; to Bucharest, with its beautiful avenues; to Sofia, with its great, new surrounding parks; to Budapest, that grand Danube-bisected city with its splendid new bridges; to Belgrade, perched at the meeting point of two great rivers; to Warsaw, former heap of dust, now one-third restored to still more splendid city again; and to Moscow, fast developing into one of the great planned wonders of the earth? And also to

the still remaining part of Berlin, which is gradually and patiently trying to reconstruct itself again? And all the other precious towns of Europe? They represent the culture of a Continent. But more, they contain within them the culture of a human epoch, one of the most vital and important the world has so far known. Are we to allow the millions of the marvellously variegated peoples and civilisations of Europe to be set wiping out one another's libraries, concert halls, art galleries, theatres, schools, universities, hospitals, shops, homes, houses, communication systems and so forth—to say nothing of the vital and lovable men, women and children who live amongst and use these things—in order that what is left of them, after the general destruction is completed, shall be dominated over by a non-European, foreign nation. A nation to which most of these treasured cultural relics mean little or nothing. Except that from time to time, one of its millionaires will try to buy a palace *in toto*, have it taken to pieces brick by brick, with each brick numbered, and the whole reassembled exactly as it formerly was somewhere in Long Island or outside San Francisco, in which and by which to drink cocktails and impress his compatriots.

And is not this threat which hangs over Europe becoming equally a threat to the outstanding cities, towns, and peoples of Asia, with their equally precious and still more ancient cultures, at the hands of the same non-Asian, foreign nation?

In the past how often have not, for instance, whole libraries of invaluable and irreplaceable books of antiquity been burned by conquering invaders (most of whom could not even read) and been wiped out for ever? And likewise towns and cities? In our time, with the constant increase of scientific knowledge, invention, and productive technique, each succeeding war is waged with weapons more destructive than the last. And if today the people of the two sides of Europe or Asia (or both) are foolish enough to allow themselves to be egged on to demolish one another's civilisations, so that a third, non-European, non-Asian, outside party may ultimately triumph over both sides of one or both sides of both, how will these European or Asian peoples be profited afterwards? And how the remaining peoples of the world? The only profiters, or so they themselves will think, will be the wicked men who instigated the business, in order, as they suppose, to come out on

top by manipulating these two other rivals or two pairs of other rivals to be so obliging as to carry out one another's destruction for them. It sounds almost too fantastic to be credible. Unfortunately, today there are men in the world, and in positions of dominating power in the world, who delight in such destruction.

For instance, there is a still more recent episode in the life of Truman that further reveals the man. Truman, as we know, became the chief US representative at the Potsdam Conference in place of the deceased Roosevelt. It was at Potsdam, sometime after July 16, 1945, that word was received by Truman of the success of the atom bomb explosion in New Mexico on that date. On July 17 the Potsdam Conference opened. Truman and Churchill between them decided to use the atom bomb against the Japanese as soon as possible. On July 24, according to Byrnes, then Truman's Secretary of State, just before the Conference recessed for Churchill and Attlee to return to England to see who was to be future Prime Minister, Truman casually informed Stalin that the US was to use "a new bomb" against the Japanese. As Byrnes remarks of this event in his book, *Speaking Frankly:*

> "At the close of the meeting of the Big Three on the afternoon of July 24, the President walked round the large circular table to talk to Stalin. After a brief conversation the President rejoined me and we rode back to the "Little White House" together. He said he had told Stalin that, after long experimentation, we had developed a new bomb far more destructive than any other known bomb, and that we planned to use it very soon unless Japan surrendered."

The Conference ended on August 1. On August 2 Truman set out for home via Plymouth, where he boarded the US battleship *Augusta* with Byrnes. Back from that meeting and also returning on the *Augusta* with the President's party was Admiral Leahy, formerly Chief of Staff (i.e. personal military adviser) to Roosevelt and then to Truman. Leahy has written a lengthy book of war memoirs called *I Was There*, giving information about top war matters and events with which he had been associated. After the Conference, without much loss of time, the first atom bomb was dropped on Hiroshima on August 6. The Truman party were still on the *Augusta* on their way back to the US, when this event took place. Truman received two confidential radiograms as to the extent of the

damage on that date. Admiral Leahy in his book records Truman's reaction, when Captain Graham brought him the first radiogram:

> "Truman was excited over the news. He shook Captain Graham's hand, and said according to those present, 'This is the greatest thing in history'."

Such was Truman's idea of "the greatest thing in history". The burning up and maiming at one blow of 150,000 Japanese civilians, a large proportion of them women and children, and the decimating of one of that country's main cities. In addition as a result of the after-effects, thousands of people were permanently disfigured and rendered bald, thousands of women's child-bearing functions were permanently disorganised, thousands were rendered blind for life and thousands of children were to grow up stunted. To Truman this was "the greatest thing in history".

Obviously, to this man the killing of millions of the world's people was as nothing, was great, was desirable, so long as it served America's purposes. That is to say, not the purposes, of course, of the multi-millions of America. But the power and acquisitive purposes of America's multi-millionaires. As we have indicated, his basic policy was planned to split Europe into two mutually hostile sections, set off war between them, aiding the weaker side to make the destruction more complete, so that, when each side has destroyed the other, the present masters of the US will be left in undisputed domination of the earth.[1]

This Truman policy is, in reality of course, US multi-millionaire policy. And all US Presidents representing the multi-millionaires will faithfully carry it on. Moreover, through the quisling activities of many of the foremost politicians in Britain and other countries of the Western world sphere (both Conservative and so-called Social-Democrat and Labour), those power-mad aims of the US multi-millionaires are being allowed to direct the futures of those countries. It sounds too fantastic to be credible. Unfortunately, we are no longer faced with a question of credibility. We are faced with the *fact* that preparations are already far advanced for putting this policy into operation. Let us take an important

[1] And this policy has since been extended to include Asia.

former instance to show how tied to this policy Britain and other Western world countries have been and how deeply they have got themselves involved. Here is a piece of comparatively recent history indicating this clearly enough, but whose separated incidents have unfortunately not hitherto been pieced together to reveal their full implications.

7.

THE AMERICAN KOREAN WAR MOVE

When UNO was founded in 1945, both "sides" came to a common agreement that Trygve Lie, formerly Foreign Minister in the Norwegian Labour Government, should be its Secretary-General. Trygve Lie, from his post at UNO, watched what the Americans call the Cold War start (or restart) after World War II and, with growing concern, watched it get hotter and hotter. Finally, when at the end of 1949, the Truman State Department's UNO representatives made it clear that they had no intention of accepting the new Chinese People's Government to UNO membership, but still recognised Chiang Kai-shek's representatives, and the Russian representatives had on this account walked out and refused to take any further part in UNO proceedings till this situation was put right, Trygve Lie saw correctly that UNO had reached a critical phase in its history. He decided in 1950 to set out and see, not only how the China question could be settled by the new Chinese People's Government being admitted to take the seat reserved for China in the Security Council of UNO, but also how the cold war could be ended by opposing nations being got to come to some common understanding to live and let live, instead of heading more and more towards war. We have stated the position in very general terms, somewhat in the way in which Lie, as UNO's Secretary-General, would be required to state them. In reality, of course, it was the American State Department's policy to refuse to admit the Chinese People's Government to UNO and to continue to acknowledge Chiang Kai-shek

—the most hated man in China, who was, with American arms, then maintaining a precarious foothold in the island of Taiwan or Formosa. The USA in UNO was surrounded by a body of debtor satellite nations, including Britain, who on practically all occasions voted as ordered by the USA. There was no question, by the end of 1949, that the Chinese People's Government, headed by Mao Tse-tung, was firmly established. It had already by that time established a unification of the Chinese people, such as that country has always longed for, but never before known. But both the recognition of the Chinese People's Government was against State Department policy, as still more was ending the cold war. For as we previously explained, the policy on which Truman started the USA was a policy of imperial domination of the world through instigating war between the other parts. Basically between Eastern Europe and Western Europe (the latter "balanced" by support from the USA). In the East the policy initiated by Truman, with State Department aid, was also quite simple and understandable—that is, as a policy. According to this, hadn't the USA won the War in the East against Japan (after the Red Army had smashed the main crack Japanese army in Manchuria)? Therefore it fell to them (the USA) to take over the Japanese Empire. And the Japanese Empire as greatly enlarged and acquired in the last great war. And not only this, but the Japanese Empire as *intended* to be acquired in the last great war—something much larger still. It included *all China.* US foreign policy makers thought they could swallow this great chunk of the world with the help of Chiang Kai-shek. Once in Chiang's possession it was theirs, for Chiang was "their man". Unfortunately for them their aims in this direction didn't work out as planned. They hadn't allowed for the wishes of the Chinese people! This turned out quite a serious mistake, which upset their whole plans for the East. Their puppet Chiang, to whom they had supplied over $6,000,000,000 in weapons to "clear the way" for them, was kicked out of China by the Chinese people. MacArthur was given, or had taken, the job of roping in the former Japanese empire. He got very annoyed over the fact that the great China chunk had been lost, and couldn't comfortably reconcile himself to the loss. Japan had been taken over, and the Philippines, and a lot of other islands. Britain, France, and Holland had a lot of valuable possessions in that quarter of the world. After the

next European war, they would all fall into the USA's lap. MacArthur was there to collect them. That is the general panorama. You see how the wicked Chinese people by wanting and taking their country for themselves had upset the whole picture. Preposterous! Insupportable! How was it possible for a decent American general and president to put up with such an insult? Nor was this the worst. The new People's China had kicked out the Americans with their Chiang Kai-shek, and transferred into the opposite camp. So that the big bugs who control the US have been thrown into considerable perplexity as to what to do about the new China. One group wanted to acknowledge People's China (though not too quickly) and get on with stirring up the European cauldron. The other group—the extremists—wanted to go to war with China with the object of putting their Chiang Kai-shek back again.

Thus whereas the admittance of the People's Chinese Government to UNO, one might say, was from 50% against American official foreign policy, ending the cold war was 100% against it. For the warming up of the cold war into the "real thing", when they judge the time is "ripe", is the *foundation* of their foreign policy. So Trygve Lie, whether he knew it or not, was taking on a pretty ticklish job.

It is worth while tracing Trygve Lie's activities and their outcome rather carefully through this situation, for they demonstrate very clearly certain of the motives being pursued by certain great powers in this world we live in. Very important motives. Motives as to which it is critically essential that all of us should be informed and clear. So we propose to trace through this motivation carefully and methodically, giving chapter and verse as we go.

We find the first intimations of Trygve Lie's intentions in this short sentence in the *Daily Telegraph* of March 22, 1950:

> "Mr. Lie, United Nations' Secretary-General, today called for a twenty-year world programme 'to win peace through the United Nations'."

The *Manchester Guardian,* in its issue of May 25, 1950 later, refers back to this occasion as follows:

> "Mr. Lie originally suggested his twenty-year peace programme in a public speech in America in March."

Lie, having formulated a peace programme at the end of March, a programme framed to end the already dangerous cold war between West and East, decided to visit the Heads of State and Foreign Ministers in the four great-power countries concerned—the USSR, France, the UK, and the USA—and to have confidential talks with them in the hope of gaining some common agreement for a movement towards peace, instead of allowing their relationships to drift on towards war, as they then seemed to be doing. Lie had preliminary talks in the US, and at the end of April set out to interview the heads of State in the other three countries concerned. While in London the heads of the British United Nations Association invited him, at a time he would find convenient, to state his case at a meeting in some prominent place, which that body would arrange in London. Naturally this invitation was attractive to Trygve Lie, who kept it in view for the future. After having preliminary talks with the heads of State and Foreign Ministers in London and Paris, Lie set out for Moscow. We read in the *Daily Herald* of Tuesday, May 16:

> "Mr. Trygve Lie, the United Nations' Secretary-General, who arrived in Moscow last Thursday [May 11], saw Marshal Stalin at the Kremlin last night [May 15]."

On May 19 Lie left Moscow and arrived in Paris. The *Observer* of May 21 carried the following:

> "Paris, May 20.—Trygve Lie, the United Nations' Secretary-General, who has just returned from talks with Stalin, Molotov, and other Russian leaders, saw M. Auriol, the President, and M. Schuman, the Foreign Minister, in Paris today."

Lie was also elsewhere reported as having seen M. Bidault, the French Premier, on this occasion. Three days later the London *Times* of May 24 informed us:

> "Mr. Trygve Lie, Secretary-General of the United Nations, who was yesterday on his way back to New York from Moscow and Paris, called on the Prime Minister and Mr. Bevin, with whom, it was officially stated, he had 'a full and frank discussion on the problems at present facing the United Nations'."

On this visit, we are also elsewhere told, Trygve Lie had a talk with Anthony Eden at the House of Commons. While in the *Times* of May 26, from a radiogram from New York, dated May 25, we read:

"Mr. Trygve Lie returned to New York today."

In the *Daily Worker* of the same date, May 26, we get the following report of Truman's reaction to Trygve Lie's return to the US after his effort at world peace-making:

"President Truman curtly dismissed all questions about Mr. Trygve Lie's visit to Europe, at his weekly press conference in Washington yesterday.

And to make his disapproval of the tour even more obvious Mr. Truman declared that he knew nothing about the contribution to peace said to have been made by the United Nations' Secretary-General.

Yet *only* 24 *hours* earlier the U.S. State Department disclosed that Mr. Lie had presented his ten-point peace plan more than *one month ago.*"

The *Daily Herald* of May 27, the next day, carried the following:

"Russia still has confidence in the United Nations, Mr. Trygve Lie, United Nations' Secretary-General, told the biggest ever press conference here today.

But Mr. Lie, back from his endless end-the-cold-war talks, would not explain why he thought so."

"Endless end-the-cold-war talks"! Does this cynical phrase mean that the *Daily Herald* disapproved of ending the cold war also?

The following piece from the *Times* of May 30, despatched from New York the previous day, shows that on May 29 Trygve Lie saw Acheson and Truman:

"Mr. Acheson the Secretary of State, spent nearly an hour with President Truman. . . . Earlier he had a long talk with Mr. Trygve Lie, who joined him at the White House and remained with Mr. Truman and Mr. Acheson for 25 minutes."

So that Trygve Lie's round of conferences with the heads of the four major States in question—the USSR, France, Britain, and the USA—on the subject of the peace programme he had formulated, was completed by the end of May. His next move was to make his proposals official, with a view to getting them generally known and accepted. The *Times* of June 7, under the heading "Twenty-Year Peace Programme—Mr. Trygve Lie's Proposal", published the following:

"Mr. Trygve Lie, the Secretary-General of the United Nations, today sent all States who are members of the United Nations

a copy of a twenty-year peace programme which, it is now disclosed, was the main subject of his recent discussions with the Governments of the four Great Powers. He asserts in a covering letter that deterioration of relations among these Powers has created the most serious concern for the future peace of the world and that, while it would be inappropriate to reveal any of their views on his proposals, he had returned from Europe with the firm conviction that the United Nations remained a primary fact in the foreign policy of each of them.

Mr. Lie admits in his letter that no significant progress can be made until the question of the Chinese representation in the Security Council is settled, and insists that it be settled; his ten-point memorandum, copies of which were lodged with the four Great Powers during his tour, clearly stands or falls on the fulfilment of this condition."

The *Manchester Guardian* of the same date also gives the following extra piece of information to its report of the same occasion:

"Mr. Lie made it clear that he would probably put the whole programme on the agenda of the next General Assembly in September and is considering the advantages of putting it on the agenda of the Security Council before the Assembly meets."

This meant, of course, that Trygve Lie was determined to force his peace and end-the-cold-war proposals to be debated by the United Nations' Assembly at latest in September of 1950 or earlier in the Security Council, if possible. After having discussed his proposals in the exclusive offices of the variously concerned State heads, and handed on the proposals, fully formulated, to all UNO-Member Governments, Lie now turned to the question of giving them as much publicity as possible. The next day, according to *Keesing's Contemporary Archives,* he held a press conference:

"Speaking on June 8 at a press conference at Lake Success, Mr. Trygve Lie said that he believed that he had 'won the first round' in his effort to end the deadlock in the U.N. over China and to make possible East-West negotiations with a view to easing the 'cold war'."

It was at this point also, during the first week in June, that the British United Nations' Association began to take steps to arrange the meeting that Trygve Lie, at the end of April or the beginning of May, had agreed to hold in London. It was decided that a meeting of such import should be held in a prominent place. The place chosen was the Guildhall. The

Guildhall is certainly one of the oldest and most prominent meeting halls in London, and the choice of this hall indicated, no doubt, the importance which the British promoters of the meeting set on the occasion. However, it will also be remembered that the Guildhall is the main public meeting place, not of the L.C.C., but of the City of London. In this hall the great financial magnates of the "City" (the hub of the British Empire) hold their banquets and honour those whom it pleases them to honour. The Guildhall is certainly one of the oldest and most prominent of all London's halls. But it is essentially a preserve of the "City". With the City's representatives one must contract for hiring it.

At the beginning of the second week in June, 1950, arrangements were officially under way between the United Nations' Association and the City of London for the UNO meeting in question to be held in the Guildhall on July 3. Over this meeting the Lord Mayor was to preside and, as first planned, Attlee, Bevin, and Eden were to be on the platform. At a later stage in the proceedings, however, Bevin showed himself cold to the project. So he was dropped and Lady Bonham-Carter, a prominent Liberal, brought in to take his place.

It is worth taking careful note of the main features of this occasion—the aim of the meeting, its setting, the sponsoring persons, and lastly, but not least importantly, the appointed date.

On July 3, 1950, Trygve Lie, the Secretary-General of the United Nations, in the very heart of the British Empire, London's Guildhall, was to make his first large-scale public statement on his Ten-Point Twenty-Year World Peace Programme, with the aim: of ending the Cold War; of helping the re-establishment of friendly relations between the Western and Eastern worlds, thereby securing peace for the world's future; and of enabling the new Chinese People's Government, now in effective control of all mainland China, to occupy the China seat in the Security Council.

Presiding at this occasion would be London's Lord Mayor, while the British Prime Minister and leader of the Labour Party, together with very prominent leaders both of the Conservative and Liberal Parties, would be supporting Lie on the platform.

What was it that was so significant about this meeting?

Firstly, this would be a public demonstration that the main Parliamentary Parties, virtually the whole of Britain, were united in support of Trygve Lie's Peace Programme—the ending of the cold war and so forth. Secondly, such a meeting with such a purpose would be the first organised, national counteraction to Churchill's speech at Fulton. One of the main aims of Churchill's widely publicised Fulton speech, you will remember, was to divide the world into two antagonistic compartments—West and East, and to advocate the mobilisation of the Western part against the Eastern part, as if for war. To this policy Truman had given his blessing (as well he might seeing that it was his own American policy) by acting as chairman for Churchill on that occasion in his own native State of Missouri. Churchill's speech, with Truman's moral support, had played a critically important part in helping to tear the postwar world into antagonistic halves. Now here was Trygve Lie, supported, it would seem, by a united Britain, about to make an equally important bid to patch the two torn halves of the world together again. So that meeting would have a world significance. A World Peace significance.

The arrangements for Trygve Lie's Guildhall meeting on July 3 were settled early in June. A fortnight before the meeting was to take place the press releases, announcing the meeting were sent out. The *Evening News* of June 20 carried the following:

> "The Secretary-General of the United Nations, Mr. Trygve Lie, who recently made 'peace visits' to Stalin and the leaders of the Western Powers, will speak at Guildhall on July 3.
>
> With him on the platform at this U.N. Association meeting will be the Prime Minister and Mr. Eden; the Lord Mayor will preside.
>
> Mr. Lie will come here straight from U.N. headquarters near New York."

The *Times* of June 21 gave these fuller details:

> "It was announced here today that Mr. Trygve Lie, Secretary-General of the United Nations, is to pay another visit to London on July 3 to address the United Nations Association at Guildhall. In diplomatic circles this is inevitably linked with Mr. Lie's recent consultations in the capitals of the four great Powers, and with the proposals for a twenty-year peace programme that he then submitted to them.
>
> It is stated in the secretariat that his speech on July 3rd. will be of major political importance and altogether it is being

assumed, perhaps too readily, that the event will mark the opening of the 'second round' of his self-imposed peace mission."

Of course, neither Trygve Lie in the US nor the UN Association in Britain had any desire to make a secret of the occasion. On the contrary, both wanted to give it as great publicity as possible. Nor had the magnates of the City, whose Guildhall was being used for the event, any special motive for keeping quiet about the occasion. In their case too the reverse, for this meeting would affect Wall Street, and the postwar City is closely attached to Wall Street. It would be hardly strange, therefore, if the US State Department, with its expensively long ears, was apprised of the arrangements practically as soon as they were broached and decided on—i.e., on the first day of the second week in June.

How would these seem to the State Department?

Trygve Lie, the Secretary-General of the United Nations (and therefore a world figure), was to make a speech on July 3, just under a month hence. The speech would be directed to counteracting the Truman-Churchill policy of splitting the world into two as the necessary preliminary to a Third World War. Would be directed, that is, towards healing the carefully built-up breach between the world's two parts. The speech was to be held in the very heart of London—London, the centre of the British empire and the largest city in Western Europe. London's Lord Mayor was to preside, and Lie was to be supported by an all-party gathering on the platform, including the British Labour Prime Minister and a former British Conservative Foreign Minister. If, springing from this meeting, friendship and amicability were to be allowed to grow up between Western and Eastern Europe, America's whole Truman postwar foreign policy, based on building up to a war between the two halves, would be wrecked, would be neutralised, would be sabotaged—terrible!

Was the sacred Truman, Pentagon, State Department postwar foreign policy to be simply dust-panned by this London meeting thus?

Watch what happened a week after the broaching of that fixture.

On June 17 three key people, three of the most important people in the United States, arrived in Japan and district

to confer with MacArthur, America's Mikado of the East, and carry out other matters. Let the *Sunday Times* of June 18, with its message headed Tokio of the day preceding, give the details:

> "Mr. Dulles, Republican adviser on American foreign policy, arrived by air at Seoul, Southern Korea today on a fact-finding visit to Korea and Japan. Mr. Johnson, American Defence Secretary, and General Bradley, chairman of the Joint Chiefs of Staff, arrived in Tokio but from Manila."

That is to say, Louis Johnson, the US Defence Secretary (i.e. War Minister), General Bradley, Chairman of the US Joint Chiefs of Staff (i.e. US top-strategy chief) and John Foster Dulles, then Republican adviser on American foreign policy to Dean Acheson, US Secretary of State (and one of the most powerful warmongers in the US) made this sudden flight to General MacArthur and Korea, *arriving just 8 days before the Korean "incident" started.* Before, in fact, we knew that there was anything on or pending in Korea at all. But just 8 days before it all started, before we were told that the wicked Northern Koreans (with Russian 70-ton tanks streaming out of both ears) had attacked the quiet, happy, peaceful, innocent Southern Koreans, these high-up military and State Department experts were, one of them (Dulles) in South Korea, having meetings with Syngman Rhee and his generals, and all of them in Tokio conferring with General MacArthur, the noted pacifist!

What were they there for? Why, improving their stamp collections, of course.

It was Southern Korean stamps that John Foster Dulles was particularly fond of. Accordingly we find him in Seoul on June 19. This was 6 days before the Southern Koreans said that the Northern Koreans had attacked them, remember! And before practically any of us knew where Seoul was on the map. But Dulles did. He was there on June 19, and this is what the *New York Herald-Tribune* of June 20 had to say about him there on that occasion:

DULLES WARNS SOUTH KOREANS
OF "HARD TEST"

Tells Seoul Assembly of "Difficult
Days Ahead" In Struggle for Freedom

SEOUL. June 19—John Foster Dulles, special adviser to Secretary

of State, Dean Acheson, said today that South Korea is in "the front line of freedom" and is supported in battle by the American people.

Mr. Dulles, in a speech before the Southern Korean Assembly [i.e. Parliament] said: "The battle between liberty and despotism is never-ending. It has no limit either in space or time. It is part of the constant struggle between good and evil. Today the Korean people are in the front line of freedom under conditions both dangerous and exciting.

"You merged from Japanese militarism, but you did not merge into conditions of placid ease. Instead, you encounter the new menace of Soviet Communism."

He warned that overcoming Communism would be "a hard test for those who are only newly trained in the practice of representative government."

"There is no doubt that there are difficult days ahead and many problems yet unsolved" he said, "But what has already happened shows that it lies within your power to achieve the goal of a Korea that is strong and free. Nothing can prevent that if you persist."

Such soothing, peaceful words spake Dulles in the Southern Korean Parliament on June 19, 1950, just 6 days before the fighting started! (This was the same Dulles, banker-lawyer-industrialist, who, as representative of the American banks, went to Berlin in 1933 and provided Hitler with a billion-dollar loan to build him up for World War II, and who boasts that he initiated the "cold war" which is leading to World War III. He is now US Secretary of State—equivalent in other countries to Foreign Secretary.) Of course, those of the listening Koreans, who knew that this meant that the fighting was going to start, knew also that, when it did start, they could count on American backing. In their "hard test" they would be "supported in battle by the American people". So said Dulles. This we know. Then he joined the others in Tokio.

But we have not been told what, on that visiting occasion, General Bradley, Chairman of the Joint Chiefs of Staff, and Louis Johnson, American Defence Secretary, and then Dulles said to General MacArthur. Only something more to do with stamps, probably! Anyhow a week after these four keen stamp collectors had got together, the Korean war started up.

On June 25 the Southern Koreans gave out that the Northern Koreans had suddenly opened an attack on the South. This report was made top-priority news by the whole US press and radio, and re-echoed as such by practically the

whole of the press and radio of the Western world. Most people will remember this. But the bulletin issued by the Northern Koreans (whose leaders, of course, knew of and had been alerted by the strange journeyings just described) stated that the Southern Korean forces had invaded the territory of the North at 4 a.m. that morning, had met with unlooked-for stubborn resistance (when they had been promised a walk-over), and had been able only to penetrate to distances varying between ½ and 1¼ miles across the frontier, after which they (the North) had counter-attacked in force. Thereupon, half the Southern Korean army refused to fight further for the American puppet, Syngman Rhee, and made themselves scarce; a quarter of the Southern army came over to the North; and the remaining quarter stayed fighting with Syngman Rhee. This was very similar to what had constantly happened when the Northern Chinese were fighting the Southern Chinese under the American puppet, Chiang Kai-shek. However, this is not the right place to further compare the two claims. We would only like to point out that the great run of British and Western-world large-circulating dailies did not print the Northern Korean statement at all. Probably this will be the first time that most readers will have heard of it. But practically all the newspapers received the Northern report along with that of the South. They simply forebore to print the Northern version. Most of those newspapers are in the American bag, and that was not American policy.[1]

But let us get back to dates. For those give the key to these world-shaking proceedings.

Trygve Lie, after having interviewed Truman in Washington, Attlee in London, Bidault in Paris, and Stalin in Moscow, began his return journey to Lake Success on May 24. At the beginning of the second week in June, arrangements were being made for him to come back to London to hold a public meeting, advocating his Twenty-Year Peace Programme on Juy 3. Of

[1] Those who wish accurate information about this "other side" should read either one or both of D. N. Pritt'e two pamphlets on the subject: **Light On Korea** and **New Light On Korea.** Also Sir John Pratt's two pamphlets: **Rearmament and the Far East** and **Korea—the Lie That Led To War.** Sir John Pratt, K.B.E., C.M.G., was for 13 years the British Foreign Office's Adviser on Far Eastern Affairs. And still more recently we have had the well-known American correspondent, I. F. Stone's **The Hidden History Of The Korean War.**

course, the very last thing Truman and the State Department wanted was a Peace Programme—particularly announced by the Secretary-General of the United Nations, and of all places in London, the largest city in the Western world. So three key war-making Americans were rushed off in the middle of June, one to South Korea and the other two to see MacArthur in Tokio about Korea, arriving at those destinations on June 17, and war broke out in Korea on June 25. Quick work. It had to be. But there the tinder was already laid and it only needed the spark to set it off. Those journeys gave the spark. Very soon after the first news of the conflict was received in Washington and without waiting for any investigation, Truman before midday on June 27 stated that he had already ordered MacArthur to send air and naval forces to support the Southern Koreans. Later the same afternoon the US, taking advantage of Russia's boycott of UNO in protest because the rightful Chinese Government had been refused the Chinese seat in the Security Council, was able to get its action sanctioned by the UN as United Nations' action. This was just a week before Lie's London Guildhall meeting, due to be held on July 3. War was now abroad once more in the world. UNO had been drawn into the war on the pretext of counteracting aggression. Trygve Lie, as Secretary-General of UNO, was tied to his post at Lake Success. The ultimate result we may read in the *Manchester Guardian* of Friday, June 30, headed "Mr. Lie Cancels European Visit":

> "Mr. Trygve Lie, the Secretary-General has cancelled his trip to Europe and is remaining at Lake Success to direct his 'Shadow War Cabinet' for aid to the Korean Republic. He was due to leave at the week-end for London, Paris and Geneva. He was also to have made an important speech at the Guildhall in London on Monday."

and from the *Times* of the same date:

> "Mr. Lie, Secretary-General of the United Nations, decided today to postpone indefinitely his visit to London, Paris and Geneva. He was to leave tomorrow [Friday] or Saturday."

Thus Truman and the US State Department's planning had just been able to stop Trygve Lie from making his world peace speech in London by a few days! To have had a peace movement started in the world by Trygve Lie, the Secretary-General of the United Nations, would have completely upset

their war plans and probably have made those thenceforward impossible. Lie's initiating meeting to set going this world peace movement had therefore at all costs to be prevented. And so, as we have seen, it was.

At the same time, however, it would be incorrect to claim that the desire to stop Trygve Lie's efforts to restore peace and friendly relations between the two sides of the world was the *sole* reason the US leaders had in 1950 for starting a diversionary war. There were at least four additional reasons that then attracted them to this line of action. These four reasons were the following:

(1) At that time there were 5,000,000 full-time unemployed in the US and a further 5,000,000 on short time. It then looked as if this position might grow to prewar proportions, eventually threatening a general American economic breakdown. War, even a local, diversionary war, would be likely to halt this process and set going another train of economic circumstances that would enable millions of these unemployed to be "absorbed".

(2) MacArthur and the extreme Republicans were aching to carry out the former Japanese "Tanaka Plan" for invading and mopping up China. The Tanaka Plan was founded on seizing the island of Formosa and the Korean cape to begin with, as the Japanese had done, as bases and jumping-off grounds for starting on this purpose.

(3) In January of 1950 Truman announced that he would not "pursue a course that would lead to involvement in China" nor "provide military aid or advice to the Chinese forces [Chiang Kai-shek] in Formosa." While Acheson immediately afterwards stated that the "island of Formosa should be regarded as part of the territory of China". This was turning down MacArthur's policy.

In February of 1950 the extreme Republican, Senator McCarthy, started a campaign of tirades against the "Communists" in the US civil service, with the object of "softening up" Truman. The latter, being of weak moral fibre with certain leanings in the same direction, was duly softened. Thus in April Truman agreed to allow John Foster Dulles, an avowed Republican and one of the greatest warmongers in the US, to become Secretary of State Acheson's "adviser on foreign

policy". This was to cement a "non-partisan foreign policy", which meant that US foreign policy would thenceforth move even farther to the Right. This appointment was a purposive and additional counter to Trygve Lie's world peace mission, which the latter had broached in the previous month.

(4) Finally, elections had been held in Southern Korea in May of 1950 and in spite of the fact that Syngman Rhee had used violent oppressive measures against his opponents, including putting a number of opposition candidates in prison, had suffered heavy defeat. Out of the total of 219 members elected, the results were: pro-Syngman Rhee Parties 49 members; opponents of Rhee 164. A more than 3 to 1 majority against Rhee. Rhee is to the Koreans what Chiang Kai-shek was to the Chinese—an American puppet, occupied in maintaining the old feudalism under American suzerainty in face of a population that wishes to be independent and united. These election results together with other analogous events in the artificially divided North and South Korea indicated what the Koreans really wanted. They wanted neither Rhee nor the Americans. If this condition had been allowed to continue, Rhee would have been gradually eliminated and Northern and Southern Korea have been unified peacefully and democratically. In this way American influence would have been banished from Korea in the same way as it had been from China, except that the change in the latter case would have taken place under comparatively peaceful circumstances.

Such were further important reasons which made a diversionary war at that period additionally welcome to the dominant American monopolists and their political and military henchmen. By them Korea had already been picked out as suitable for spot. While the suddenly realised importance of preventing the Trygve Lie London Guildhall peace meeting, all arranged to take place on July 3, gave urgency to the time factor. Hence the flight arrivals we have described in Tokio and Southern Korea on June 17 and the outbreak of war in Korea almost exactly a week later.

Thus Trygve Lie's move to restore world peace was countered by a US move to restart more war, which produced, first a local war, fanning the dangerous flames of war, and then, arising from this, an all-out armaments output drive by the US and its debtor "allies" as a preparation for another World

War. Astute planning, certainly. But not astute planning for peace. Definitely its opposite. Astute planning to prevent peace. And more than this. Planned War to aid still larger War Plans for a future date. Such is the type of planning in which the US leaders specialise. Planning War to prevent Peace, to be accompanied by large-scale Planned Production in preparation for World War.

Have we not seen how, on April 13, 1945, an outstanding peace speech of the greatest importance to the people of the world, due to be made by one of the world's most outstanding people, was at the last moment "saved" from being delivered? And how, on July 3, 1950, another peace statement of critical world import by another person in a key and unique world position was again at the last moment frustrated from being made? From these strange and unusual "accidents" of peace frustration are we to learn nothing?

In the latter case with war once loosed in Korea, the war hysteria, largely created by the US press and radio, grew rapidly. The American boys, sent to Tokio to serve as troops in an army of occupation, were rushed to Korea. They had to face the army of Northern Korean peasants. This contest by the US papers was turned into "America fights World Communism". Later the British postwar Labour Government, which always slavishly carried out US commands, sent some British youngsters to come to America's aid. Other Western world countries later followed. It is significant that MacArthur waited till the British troops were safely in Korea before he began his first "great offensive". This was intended to be the beginning of the British troops' and public's education to the new line: "American and British troops go farward together to overcome World Communism". All of which, of course, expressed the Truman and MacArthur (i.e. business and military) level of outlook. The true caption to this picture was: "British and American workers set by an imperialistic trick to the job of murdering Northern Korean peasants and workers, and vice versa". However, the educative effects, as designed by MacArthur and Truman, did not produce the results expected. The Northern Korean peasants and workers, with no airforce to begin with and at a great disadvantage in offensive and transport material, were imbued with the fact that they had something worth fighting for, whereas the American and West-

ern European troops weren't. Seeing this, MacArthur and Truman wanted from their secret caves to release their war ace—the atom bomb! No doubt Truman thought: "I finished one war in the East with the release of two atom bombs. Why not another?" Nevertheless, world public opinion restrained him. But if he was restrained by this, as also by the unexpected military prowess of his enemies, and the bombastic overconfidence of his Nazi-like Generals, he broke out of restraint in another direction and declared for the US a state of national emergency, in which he announced and got sanctioned partial mobilisation to greatly increase the US armed forces, and a War Production Programme to carry out a large measure of Planned Production for War. Later this rearmament in the US has been tremendously stepped up by billions of dollars, and the US has forced foreign editions of it to be hoisted onto the already overburdened backs of the US's Western European debtor "Allies".

For what purpose?

So that they should all be ready to start World War III, of course.

It all came out very clearly (to those who hadn't realised it already) through even the partially censored reports we received of the US Senate Committee's investigation into MacArthur's dismissal from his post as US Gauleiter of the Far East.

8.

EISENHOWER ENLARGES TRUMAN'S FOREIGN POLICY

MacArthur wanted to start World War III in the East, and wanted to use the occasion of the already ignited Korean war to turn it as tinder to set off a Third World War. As the *Sunday Pictorial* of April 15, blurted out:

> "General Douglas MacArthur was plotting to provoke an all-out war against China.
>
> In direct violation of his orders from President Truman, his

bosses, the American Chiefs of Staff, and the United Nations, he had set in motion:

1. Large-scale military, air, and naval operations from Formosa and in the waters which divide it from the mainland of China.

2. The re-training and re-equipment of Chiang Kai-shek's Nationalist Army in spite of Truman's declaration that it was his country's policy to neutralise Formosa—and Chiang. (MacArthur had, indeed, announced that it was the Nationalists' job to launch the "Second Front" against China.)

3. The disposition of a huge American Fleet either for a direct invasion of China or for a diversion to draw Chinese forces away from Korea.

So complete were MacArthur's preparations that he could have touched it off at any hour he chose.

And, in fact, although he has been sacked, it is still possible for his successor to set his plans in motion."

US General Wedemeyer, an old China hand and no doubt with many financial irons in the China field of fire, supported MacArthur's "enlarged war" thesis. In the lengthy official and news agency reports published of the Senate Committee MacArthur Investigation hearings, the various newspapers picked out the parts they most fancied. What they give is more or less authentic. More important often is what they leave out. Sometimes we need several sources to get the full picture. And do not have it fully even then. Of Wedemeyer's questioning, the following three papers of June 12, 1951, gave the following reports:

"Lieut-Gen. Albert Wedemeyer declared today that he would adopt MacArthur's proposals for bombing China's bases and blockading her coast, even if it means war with 'another country'."

News-Chronicle, June 12, 1951

"Bitterly attacking the United States' Korean policy Lt.-Gen. A. C. Wedemeyer said that he would have recommended 'affirmative action against Russia and punitive action against the North Koreans with air and naval forces'."

Daily Telegraph, June 12, 1951

"Testifying before the U.S. Senate yesterday, Lt.-Gen. Wedemeyer said he would adopt Gen. MacArthur's proposals for bombing China and blockading her coast.

He would do this even if it meant war with "another country". General Wedemeyer said he would shell China's coastal cities as well as use a naval and economic blockade.

Senator Theodore Green (Democratic, Rhode Island) said that military witnesses had testified that this would be an act

of war. "Yes sir", replied General Wedemeyer.

Senator Green: "And if so, Russia was obliged under her treaty to come to the aid of China."

General Wedemeyer: "Yes, sir."

Senator Green: "It would probably lead to a third world war, would it not?" General Wedemeyer: "It might, sir. That is a calculated risk."

On Korea, the general said that a truce on the 38th Parallel would be "tantamount to a defeat for the U.S. psychologically." He added: "Our first team was unable to defeat successfully the third team of the Soviet."

Daily Worker, June 12, 1951.

These two US generals, it is clear, wanted to start World War III in the East in 1950 or 1951. But General Bradley, who was then US total-strategy war-chief, and General Marshall, formerly in that post during World War II and then in the position of US Secretary of Defence, were strongly against this line, and in fact, with Truman's authority, disallowed it. It did not conform with what had then been decided on as American top-line world policy, which was to start World War III, not in the East, but in the West. In the East the US would have to supply the major portion of the troops for the contest. It would have to transport these over, and keep them supplied at, a distance of more than 6,000 miles from the US. The main antagonists in such a Far Eastern War would be the US, which could only hope to get small reinforcements from its "Allies", on one side, and China and the USSR, on the other. Such a War would require the US, as representing the West, to play the major part in the fighting. This was considered basically contrary to all American top-strategy concepts! Both Marshall and Bradley were emphatic that the US was not then ready for such War!

Actually, as we have indicated, Bradley had decided that World War III must be waged, not in the Far East, but across Europe and the Middle East. In a War in that position the Western European nations could be got to do the major portion of the "Allied" fighting—under American leadership, of course, and with US troops and air support added to make the contest more "balanced," and therefore a longer and more destructive one. So that eventually, with Eastern and Western Europe ground to dust, the US would be left supreme. With the exception perhaps of China.. In this conception, China could

be dealt with "satisfactorily"—not first, but last.

Of course, Generals Marshall and Bradley did not give away their inmost plans in quite such outright words. Or where they did, the censor cut them out from the reports. But they went pretty near it. Near enough for us, knowing the basics, to perceive that these were their intentions.

General Marshall, then US Secretary of Defence (i.e. War Minister), felt he had to be cautious in his more or less public evidence. His main emphasis, in refuting MacArthur, was given to the contention that MacArthur's action was "ill-timed", meaning that the US was not yet ready for a World War III contest. All of which he explained in cautious, negative, diplomatic language. For instance, he quoted Truman's letter of January 13, 1951, to MacArthur, as an indication of what he meant:

> "Pending the build-up of our national strength, we must act with great prudence as war as extending the area of hostilities is concerned."

General Bradley, on the other hand, occupying no partly civilian post, but as chief formulator of top US military strategy, was under interrogation more candid. On the whole extremely candid. Answering Senators' questions over several days, he was reported to the following effect:

> "Gen. Bradley made it utterly clear that it is his view that the MacArthur programme would risk that global war [i.e. World War III against China and the USSR in the Far East] . . . Russia, not Communist China, is the ultimate enemy, he said, and the fundamental military issue raised by Gen. MacArthur's ouster [i.e. dismissal] is whether to risk global war by broadening the fighting now localised in Korea. . . . Directly challenging the military judgement of Gen. Douglas MacArthur, Gen. Omar Bradley declared today that the MacArthur programme would involve the United States "in the wrong war, in the wrong place, at the wrong time, and with the wrong enemy"."
>
> *New York Herald-Tribune,* Paris Edition, May 16, 1951.

> "When a Senator asked what was the military value of Western Europe to the U.S., General Bradley replied that the manpower involved was over 300 million [i.e., twice the population of the United States], and the industrial capacity 'very substantial'.
>
> "Further than that, people in Europe are very capable allies [i.e. capable at acting as cannon and atom-bomb fodder], if they can be maintained on our side."

General Bradley added that, if America lost its European allies, it would lose the oil in the Middle East. That would be "a very serious blow".

America would also lose certain bases "considered essential for use in a war against Russia" [i.e. without its European allies no successful American war against Russia could be undertaken]."

Daily Worker, May 23, 1951.

During the period of these hearings the then most important of the Republican Congressmen, Senator Taft, delivered himself in Washington on May 19 as follows:

"Those who refuse to use Chinese nationalist troops are sacrificing the lives of American boys. It is cheaper to fight a war with soldiers of foreign nations, even if we have to equip them, than with American boys, and there is much less loss of American life."

And in the summer of 1951, the US Foreign Relations Committee visited Europe and, while there, interviewed Eisenhower, then Atlantic Pact Commander at his Paris headquarters. On returning to Washington, in their published "Hightlight Notes" of that visit (reported in *Reynolds News* of August 12, 1951), they quote Eisenhower as telling them:

"It takes a man and a gun to fight. The US is providing the gun, Europe the man. That shows real sacrifice."

After reading this quoted statement, one will be inclined to puzzle over the last sentence. One will ask onself: "*How* does that show real sacrifice?" "*Who* shows the sacrifice?" As it stands, the meaning is not clear. Was that because Eisenhower did not make his meaning clear? Almost certainly not. Almost certainly, it was because important exclamations in the speech went unreported. These make the meaning quite clear. We can, of course, understand the "tactful" reasons that caused them to be left out in print. Europeans might not have enjoyed the joke. Almost certainly, what Eisenhower said on that occasion was:

"It takes a man and a gun to fight. The U.S. is providing the gun, Europe the man. That shows real sacrifice. Ha-ha-ha-ha!"

To most of these privileged men, drawing fat divdends from the sale of American armaments—"guns", that would seem a splendid joke. To Western Europeans, having to pay for those "guns" and provide the men and territory to use them and be expended and destroyed in that use, the matter cannot seem

so hilarious. In fact, cannot seem at all hilarious. Especially today, since the maker of that joke has since become American President.

But that this "sacrificing" policy was not to be confined by Eisenhower to Europeans was made clear in a further statement he made at Champaign, Illinois, on October 2, 1952. On that occasion, speaking about the Korean war, but obviously implying a wider significance, he said:

> "We do not want Asia to feel that the white man in the West is his enemy. If there must be war, let it be Asians against Asians, with our support [i.e. sale of armaments and so forth] on the side of freedom."

So here we have Eisenhower openly affirming the Truman policy, and with an amplification of that policy. Set Europeans to fight Europeans and Asians to fight Asians, while the US supplies the generals, the arms and the major portion of the air force to the sides which it supports. Late in the battle, when the opposing sides have smashed one another to pieces, the US will enter fresh and take over. It will be there, as they like to put it, to "win the last battle", i.e. be the sole great power at last left standing, and as such be in a position to take over the world.

The change from Truman to Eisenhower has made no basic difference in US postwar foreign policy. Indeed, the dangerous war policy initiated by Truman, as might have been expected, has been tightened and extended by the replacement of a civilian in the Presidential office by a five-starred General.

The last occasion on which an outstanding General was made national President in peacetime in a modern industrialised country took place in Germany after World War I, when Field-Marshal von Hindenburg (incidently with the help of Social-Democratic votes) was voted President. His main act, after he got to that position, was to make Adolf Hitler Chancellor. This General as President thus became the instrument for introducing fascism to Germany, and setting that country on the path to World War II. What else are we to expect when a leading war General is made peacetime President?

"Oh, but Eisenhower America is not Hindenburg Germany", someone may interject.

In some ways the parallels are more striking than the

differences. The liberal American journalist, Andrew Roth, in *Reynolds News* of November 9, 1952, wrote:

> "It is an open secret that Senator McCarthy thinks he is using Ike as a stepping-stone toward realising his real ambition of becoming America's first Roman Catholic President in 1956."

If this were to happen, it would put a real Hitler-type of person in Presidential control of the United States. But, on the present lines, the main damage can be done without going to that utmost extreme. For an American President has far greater powers than were allowed to a German President under the pre-Hitler Weimar Constitution. It is difficult, in the placing of a very high-up military man in the Presidential chair in the US, to see this as a peace symbol or read it as a gesture of peace. In fact, since the death of Roosevelt in the US, the bankers and generals have more and more been taking direct control.

Thus, taken together, is not the American postwar evolution and foreign policy picture now clear enough?

"Frankly", says General Bradley, "in the opinion of the Joint Chiefs of Staff, this strategy [MacArthur's former strategy of starting World War III in the East in 1951] would involve us in the wrong war, at the wrong place, at the wrong time, and with the wrong enemy."

The "right time", according to General Bradley, is when US and Western European rearmament is more advanced. The "right enemy" is the USSR, against whom the "right war" is to be waged. While the "right place" is Europe and the Middle East, where the forces of Western Europe (under tight American direction and with a certain amount of American help) can meet the forces of Eastern Europe and, with modern armies using the latest mass-murder and mass-destruction weapons (A and H bombs), "kill as many of both sides as possible" and cause the complete wiping out of what hitherto has been known as European civilisation, Western and Eastern alike. This horror, it is hoped, would put the US (i.e. the US multi-millionaires and generals) in complete control of the world. Thus Truman and Bradley. But since Truman and Bradley spoke, the prospective battlefield has been enlarged by Eisenhower to include Asia.

Such is the nature of US foreign policy!

Such are the plans of the US multi-millionaires, their highly paid political henchmen and their military, top-brass chiefs!

This is the type of "ally" to which NATO and SEATO countries are attached!

Oh; European peoples, Western and Eastern alike, and Asian peoples, Central, East, West, and South—still lovely, alive, with your hearts still throbbing blood through your blood-vessels and your lungs still taking in and breathing out the world's fresh air—take warning while there is time; mend and make up your quarrels, West-East and East-West, North-South and South-North; and together stop these mad, planned preparations for a Third World War, whose real aim is to get you each to exterminate one another, so that a complete outside nation may come in and dominate on your ashes!

Postscript

Since the foregoing Chapter was first written important world events have occurred, modifying the previously described international situation in certain directions.

In 1953 the Americans, after two and a half years fighting in Korea, were unable to make progress beyond the 38th parallel, and an armistice was fixed approximately along the pre-Korean-war boundaries. True, by means of the Korean war, the US had more or less temporarily solved its internal unemployment problem, but from the military point of view the result for the US represented a failure.

Similarly, in the spring of the following year 1954, not only did the efforts of the US State Department to turn the Indo-China war into a World War meet with failure, but after a long drawn-out conference in Geneva, the seven-year-old Indo-China war was in that same year brought to an end.

Meanwhile, the remaining peoples of the world were becoming more and more disturbed about America's war policies. Particularly in Asia. Hence in the latter part of 1954 the Chou-Nehru Five Principles of Peaceful Co-existence were signed between China and India. While in early 1955 foremost representatives of 29 countries of Asia and Africa met in Bandung and passed resolutions favouring the maintenance of international peace and national independence.

Thus the war policies of the US were everywhere meeting with greater resistance, while the general desire for peace on the part of the peoples of the world was becoming more vocal and organised. The operation of these two factors began to have effect on the US, with Eisenhower becoming sensitive to this world trend. Thus in July of 1955 the Big Four Heads of State met for "summit" talks in Geneva with the aim of considering ending the cold war. A real effort towards beginning to reach agreement seems to have been the result of this meeting. Since his assumption of the Presidency, Eisenhower's position as to war and peace seems to have moved some distance forward. This is hopeful if it can be made practically operative. Whether it can be made practically operative or not will depend, in the last resort, on the US's approach, not primarily to its *external*, but to its *internal*, problems. This will be made clear in what follows.

PLANNING FOR DEATH—ITS ROOTS
DIAGNOSIS OF PRESENT-DAY AMERICA

We should now have some understanding of the *real* America and *real* American foreign policy. That is an indispensable asset of education for all Europeans and Asians who today have at heart the true welfare of their own and the world's people, and might seem enough. But it would be a pity at this final stage to miss the opportunity, with which our previous disclosures have provided us, of understanding the most important fact of all about the present United States—*why* it is acting in the way it is and what is the *cause* of its dangerous and wicked madness. For this we now have the data. We only need to sort it out.

We will begin by going over, very briefly again, certain salient points of American economic evolution of the last 40 years. One salient fact, broadly stated, is this. The US has come to partial world domination on the backs of two World Wars, in both of which it was over 3,000 miles out of range. While, in both of these World Wars, one half of Europe

was busy trying to smash the other half to pieces and vice versa, the US, internally untouched by war, went on building up its own productive apparatus and capacity at a very rapid rate. So that, while each World War has left a more devastated and impoverished Europe (the second World War more so than the first), it at the same time has enormously increased the productive and economic power of the United States (the second also still more than the first). In both postwar periods, the war-enriched US made loans to practically all the war-impoverished, capitalist European countries, and in this way came to gain increasing economic control over them. After the post-World War II loans, the control became excessively marked. This has resulted in the capitalist portions of Europe becoming increasingly economically and politically dependent on America. And the ruling-class of the US has been using this position to continually go on increasing (and often at the European countries' expense) its already greatly increased economic and world power. It has been doing this, both because it is always seeking an extension of its world power, and also because it hopes, by encouraging its own people to focus on foreign matters, to distract their attention from certain fundamental and very serious deficiencies on the home front.

What are these deficiencies?

They are the defects of a capitalist economy which, the more advanced the capitalism gets, the more obvious become those defects. The US is now in the monopoly capitalist stage, so naturally those defects have become blatant.

What are the fundamental defects of a capitalist society?

Briefly, from the working result point of view, the fundamental defect of a capitalist society is that, most noticeably in peacetime conditions, it produces a serious maldistribution of wealth—far too much going to the comparatively small owning group at the top and far too little to the great working, non-owning mass of the people. When output in peacetime conditions increases without the accompaniment of equivalent rises in wages and salaries (which under capitalism practically never happens), the maldistribution becomes more acute. Finally when, under peacetime conditions, a greatly increased output of peacetime goods is produced and maldistribution consequently becomes very extreme, a slump is produced. That is, the mass of the people, with their given wages and salaries,

have not sufficient income to buy back the increased output of peacetime goods at the unchanged retail prices. (For under capitalism, especially advanced capitalism, there is a constant tendency, in "good" times, to increase retail prices, and in "bad" times, to rigidify retail prices.) Consequently, the huge stocks of the increased output of goods are left unbought and therefore production of them is curtailed. Thereupon large quantities of workers are thrown out of their jobs, whereon their buying power drops, causing production to be still further cut down. This eventually affects wages and salaries, which also begin to drop, causing production to be cut down further still. All these factors cause impoverishment and unemployment to increase and go on increasing among the masses of the people, till a very low level is reached when, after a matter of years, the tide may at last begin to turn.

Why all this?

Because capitalism cannot equitably distribute increasing peacetime abundance. Under capitalism, the greater the increasing peacetime abundance, the greater the inequity of distribution. Finally when, under capitalism, a really abundant production of peacetime goods breaks out, capitalism breaks down.

To remind yourself of this, turn back to pages 185-7 to see what happened in the US as the result of the increased abundance produced in that country in the interwar year, 1929.

You will remember that, as a result of that peak-production year, 1929, in the interwar period in the US, America went into a slump which set off the World Slump. The US *was still in that slump* when World War II started, ten years later. Its *average* unemployment figure over that *ten-year* period, 1929-1939, was 10,000,000. At the worst period of the slump in 1932, when Roosevelt was elected President, its unemployment figure was between 16,000,000 and 17,000,000—one-third of its whole work-available population. While for the year 1939, the year the war started, it was still 10.4 millions. *It was World War II* which got the US out of its ten-year slump. Thereafter during the war, while one half of Europe was smashing the other to pieces, the US was having a colossal boom.

But immediately after the war, when peace returned, the

US started to go back to its prewar slump conditions again. In the latter part of 1949 and the first half of 1950, there were in the US 5,000,000 fully unemployed and 5,000,000 on short time. *Only the Korean war and its Rearmament Programme saved the US from going into another major slump of even greater proportions than that of 1929-39.* And it was openly stated by several very notable American *capitalist* authorities that American capitalism could not hold out against another major slump like that which began in 1929. So you see, if these high-up capitalist gentlemen were right, what the Korean war and its Rearmament Programme saved US monopoly capitalism from!

War to cure Slump! What economic doctoring! That cure is worse than the disease. Of course, at the root of both those evils is capitalism itself. The fact that capitalism can never equitably distribute wealth. The fact that the maldistribution of capitalism, under conditions of rapidly increasing production of peacetime goods, becomes so extreme that, past a certain point of abundant production, the capitalist economy breaks down in slump. While, under advanced monopoly capitalism, when faced with rising production under peacetime conditions, the tendency to slump becomes permanent. This has been the underlying position confronting America since the war. That is to say, in the postwar US, capitalism has become so "advanced" that, *when functioning in its present full-out form under peacetime conditions,* it will no longer work. *Under those conditions it has already broken down. In its full-out form it will now only function under war conditions.* For instance, were world total disarmament today to be agreed on and properly carried out (i.e., were in this way *real* peace conditions to be established throughout the world), the existing US would rapidly find itself with 20,000,000 unemployed! Which brings us to the root of "world tension". For the "world tension" which the US has been creating *externally* since the end of the war all over the globe, is the method it has adopted of trying to escape from, cover up, and solve this, its critical *internal* problem. This is the explanation of so many of the curious and dangerous happenings we have witnessed since the end of the war. Yet the nature of this fact still goes insufficiently recognised.

To grasp what has really been happening, let us turn

and observe certain fresh factors of production that have been operating in America since the war.

Though insufficiently recognised, the postwar US and world position has been greatly affected by the fact that the great private US corporations capable of war production, most of which are in one or other of the 8 Economic Interest Groups which today are the dominating factors in American monopoly capitalism, had their plant increased, as we earlier related, by 50% during the war. And at the American taxpayers' expense. The corporations were allowed to buy back this new plant as their own for a purely nominal sum after the war. More than 80% of this new plant was convertible to peace production purposes, but could, of course, quite easily be reconverted back to war purposes. Thus the US monopoly capitalists ended the war with a production capacity at least 50% above that of prewar—for the new plant was of latest pattern, of course.

As we know, for the whole ten-year period before the war, the US with its prewar plant was sunk in slump. This slump had been brought about because in 1929 that prewar plant had produced far more than the great masses of the American population, with their given wages and salaries, could buy back—consume. Of course, if American wages and salaries had been raised to buy these extra amounts (which would, of course, have raised the standard of living of the great masses of the US population), and if the great US monopolists, to enable this to be done, had been content to take less (which need not have affected their purely personal standard of living so very much, only their power), the crash need never have taken place. But then, of course, the controllers of US monopoly capitalism would have had to acclimatise themselves to the idea of *constantly* increasing the standard of living of their employee millions, while at the same time allowing for this by definitely *contracting* their own fabulous profits. For only a policy of this kind could have enabled the absorption or consumption of the constantly increasing peacetime production that even the *prewar* American plant was capable of producing. But, of course, this policy the US monopolists of their own will would never consider for a moment. Actually, the Brookings Institution, one of the foremost capitalist economic research foundations in the US, made an extensive investigation of the cause of the US prewar

slump. It found that in 1929, that peak production year, 20% of US plant was even then not being operated. In its fifth book, *Income And Economic Progress,* bringing together the results of its previous four investigatory books on the subject, that essentially capitalist institution thus passes verdict on that prewar situation:

> "In summary, it is evident from the data which have been presented that the economic system [i.e. US prewar capitalism] works very imperfectly at best. Figured on a conservative basis, that takes account of practical considerations with which business is confronted, we estimate that the economic machine [i.e. US capitalism] operates at the best around 80% of capacity [1929] and at the worst at a little more than 50% [1932]. As a general average over the fourteen-year period from 1922 to 1935, the productive mechanism by means of which our wants are supplied may be said to have run at a little more than two-thirds efficiency."

Of course, this inefficiency was due, not to the working inefficiency of the US capitalists and their plant, but to *the manner of distribution of the US national income under American monopoly capitalism which was such, that the mass of the American people had not sufficient income to buy back more than about one-third of what the US prewar plant then produced and only about one-quarter or less of what it was capable of producing.* The defect was not in American plant or its managerial direction, but in the nature of American economy—US monopoly capitalism and its method of national income distribution (see note below for details).[1] This, mark you, was the position *before* the war, that is, *before* the great private American corporations acquired 50% of additional plant of the most productive, up-to-date character as the result of the war. (And which was mostly paid for, remember, by the American people.)

So that, if it was the too high productivity of the US

[1] According to the Brookings Institution's **America's Capacity To Consume,** a standard work on the year 1929, the total US 1929 national income accruing to persons was distributed in percentages in the following manner:

the top	**6%**	**received**	**42%**	**of the total**
the middle	**29%**	**.**	**29%**	**. . . .**
the bottom	**65%**	**. .**	**29%**	**. . . .**

While of these, 0.5 per cent at the very top walked off with 20 per cent of the total. British income distribution relationship under uncontrolled capitalism are of a parallel character, and under controlled capitalism the modification is not so great.

plant, with the type of income distribution such as it was and is in the highly capitalist US, that sent the US capitalists' system into a breakdown *before* the war, what was the position facing these American monopolists *when peace returned again* with their plant increased 50% over prewar in productivity? Can't you see the all-time record millionaires pacing their sumptuous and palatial rooms, with artist-painted ceilings, priceless tapestries on the walls, and gold-leaf everywhere, striding around with dishevelled hair, periodically flinging their arms in the air and shouting frantically: "However'll we be able to get rid of all our goddam new production? Oh, however'll we be able to get rid of all our goddam new production?"

You see their problem. If the too high peacetime production of 1929, which sent their prewar peacetime economy into a crash, had to be scaled down for the whole next ten-year period to keep their capitalism running at all, and only *intervening war* was able to set it going at full production again (which was what happened), what were they to do *with an extra 50% of new, tip-top plant*, when after the war peace returned again? Roosevelt back in 1933 had only just managed to stave off revolution, which had been threatened by the fact that the US capitalists, then operating under peacetime conditions, had let their economic machine run at four-fifths (80%) of capacity in 1929. Only the war had put them on their feet again. But what was to happen *with the return of peace,* now that they had been presented with *a 50% addition* to their plant as a result of the war? Here was a situation simply inviting revolution! However in life, they wild-eyedly asked one another, are we to get rid of all these mountains of goods, which our greatly increased plant now keeps on piling up? And, snakes alive, on top of all this comes the atom bomb, with the prospect that atomic energy—a power far greater than coal, petroleum and electricity—will become available within another few years and make almost unlimited abundance of everything possible. Oh, shocking! Oh, scandalous! Oh, calamitous! But one thing at least is certain in this situation: that man Roosevelt must never be allowed to get hold of atomic energy. He'll be sure to go and make it public and hand it over to the American people or the world's people. That line will eventually end in abundance being provided *for everybody!* Too

terrible! Too terrible! Too terrible! That will mean the end of *us.* So we must move quick and get in first, and bag the bomb *and* atomic energy for *ourselves,* and keep both of them tight and secret—the bomb, if necessary, to put an end to other people, and atomic energy for productive purposes to be put in cold shortage with the other patents we keep locked up and unused (and here their voices rise to a shriek), *otherwise it will only increase our already too great production more and More and MORE!*

You realise the position. Capitalism in its advanced stages, and monopoly capitalism, its most advanced stage, cannot, *on account of the capitalist method of income distribution operating under peacetime conditions,* cope with greatly increasing peacetime production. Under those conditions the mass of the working population, with their given wages and salaries, cannot absorb more. The multi-millionaire owners fight every move of their workers to increase their salaries and wages. At the same time the multi-millionaires cannot themselves absorb and get rid of the colossal balance which they claim as their portion. Certainly not on their personal selves. There is a limit to what these comparatively few individuals can eat, drink, wear, live in and so forth, living at the topmost height of luxury, and they've more than reached it. How, then, are they to get rid of their mountainously increased post-World II surpluses, which their plant, increased 50% in productivity since prewar, is now capable of producing? Spend it on new investment at home—that is, on new American plant? Of that they have (for them) far too much already. On foreign investment perhaps? Yes, that will take up a little of the slack. On selling American goods abroad? Yes, that must be pushed to the utmost by all means possible. For this purpose other countries, as much as possible, must have American goods rammed down their throats, whether they want them or not. And if all these expedients aren't sufficient to absorb the surpluses, what else . . . ? There's nothing else—except . . . Except, if all these former methods fail and there is *still* no other way out, then this newly acquired plant must be turned back to be used for the purpose for which it was originally constructed . . . That is, it must be transferred back to war production, . . . leading first to war preparation . . . and then to outright war . . . Otherwise the whole economic sys-

tem will break down and go bust, like it did before, and there will be—unthinkable thought—revolution!

Mad, isn't it?

Is there any alternative to this mania?

Of course, there is.

The immediate alternative is, on the one hand, to increase the proportion of the national income going to the masses of the American working people, enabling them to buy back for themselves large portions of the surpluses (thereby raising their standard of living), which will also necessitate, of course, curtailing the proportion going to the multi-millionaires, the private owners of the means of production. And, on the other hand, to lend other considerable amounts, free of interest and without any capitalist string-conditions attached, to the poverty-stricken peoples of the world to enable them to industrialise themselves and set out on the same path of increasing for themselves their standards of living. This alternative, of course, developed and pushed to its logical conclusion, will finally end in Socialism, which is the only permanent solution. For Socialism, as we saw in Part II of this work, solves the problem of distributing a constantly increasing peacetime national output by raising and going on raising the standard of living of its whole working population—the only natural and healthy solution. Socialism has no problem of national income distribution. Based on *justice to all in national income distribution* worked out for all its individuals, it has no difficulty in distributing to the whole of its people, and that justly, the whole of what they collectively produce—however great the production. Socialism, in fact, might be called the scientific method of solving, and justly solving, the problem of distributing a constantly increasing national income, however great that increase, to all its individuals. This gives Socialist society the constant inducement to produce to its maximum. It can always be certain of absorbing its increase, whatever the amount. Whereas it is precisely in this field of distributing to its members, not only a greatly increasing, but even a moderately increasing, national income, that capitalism, particularly monopoly capitalism, as we have observed, breaks down and goes to pieces. For the object of capitalism, especially monopoly capitalism, is not to raise the standard of living

of the masses of its working people. It is to *raise, and go on raising, the standard of living of its multi-millionaires.* And there is a limit beyond which the latter and their like cannot themselves, under peacetime conditions, absorb or get rid of any further increases. A capitalist, and still more a monopoly capitalist, society cannot, under peace conditions, produce to its maximum. It could never absorb or get rid of such increase. Except by *destroying* quantities in bulk, as in the Great Slump. Or by *war,* which is the most terrible and wicked of all methods of destruction. Thus we see that the operation of Socialism, because it is based on *justice to all in national income distribution,* provides a constantly and rapidly rising standard of living for *the whole* of its people. Whereas the operation of monopoly capitalism, because it is founded on *injustice to all in national income distribution—except in a few accidental cases,* provides a rapidly rising standard of living merely to a small class of its population whose standard of living is already super-fantastically high, while that of its main masses, which has always been low, it aims to leave unaltered and, when its system gets into difficulties, causes to move backwards. Moreover, as monopoly capitalism gets more and more concentrated, this injustice in its national income distribution becomes greater and greater. Finally, its distribution gets so unjust and so unbalanced, that its economy begins to break down from that unbalance and injustice. A slump sets in, millions are thrown out of work, the general standard of living falls. Millions of men and machines which, if kept fully working, would under sensible conditions be capable of greatly increasing everybody's standard of living, are stopped from working and forced to become idle. Then, as the millions of unemployed mount, the multi-millionaires get panicked about internal revolution. To turn people's attention away from the real cause of the trouble at home, they find a "foreign bogey, an arch-enemy *abroad*", and start, on the basis of this, a war rearmament programme, both to keep people's eyes focussed as much as possible *abroad* (i.e. away from home), and to restart employment on an armaments manufacturing basis, with partial mobilisation and conscription of youth to mop up and "immunalise" the "dangerous" unemployed.

And finally, this situation is rendered still more precarious, when that "foreign enemy abroad," besides being a

"produced" bogey, is to the multi-millionaires also a *real* bogey. That is to say, when this "foreign bogey" is a type of economy which does not break down through faults of extreme unbalance and injustice in its distributive system, but draws its strength from basing itself on *justice to all in national income distribution* as its economic foundation, and thus goes on every year raising the standard of living of its whole population. In short, when the monopoly capitalist country sees itself bound to be overtaken in a matter of years, in the general standard of living it can offer to its citizens, by this new, alternative, superior, Socialist type of economy, which in peacetime goes on doubling or near doubling its industrial production every five years, then this bogey is blown up to alarming proportions and, amongst its top leaders, shouts for its forceful overthrow "while there is yet time" become chronic. At this point Monopoly Capitalism, if it is not halted, as the world's people must see that it is halted, will end by Planning for Death on a world scale.

Can't you now clearly see what is happening in the world?

So it comes to this. We have to ask ourselves: Are we willing to sacrifice our lives and those of our dear ones in order to try and bolster up this unbolsterable madness? For the present American "way of life", as it stands, is in reality the preparation for a world way of death. If we have to die before our time, should it not be for a future that is better and saner? Not certainly for a way of death, but for a way of ever more abundant life. For a way of ever more abundant life for the people and children of the future. This aspiration is no longer a mere wish, a mere idea. The way towards an ever increasingly abundant life for the overwhelming majority of its peoples is already being operated over one-third of the earth's surface, as we were able to witness in an earlier part of this book. Are we to wipe out that fruitful example, while we too ourselves get wiped out in the process? Or shall we, too, put ourselves in the way of living more abundantly by learning from that example also?

10.

CONCLUSION

THE ANSWER TO THE BASIC PROBLEM OF OUR TIME

In what has preceded, we have attempted to set out the main *real* facts concerning the two conflicting "ways" operating in the world, as these stand today.

Now, on the basis of these facts and this general picture, we should go on to form conclusions.

What have we found?

We have found that one sector of the world, headed by the US, is operating an unjust and unbalanced economic system known as capitalism or, where that stage has not yet been reached, as feudailsm.

And we have found that the other sector of the world, headed by the USSR, is operating a new economic system based on economic justice and known as Socialism, or is in the process of making a transition from capitalism or feudalism to Socialism.

Capitalism (and, in another form of way, feudalism) might be defined as an economic system, whose aim is constantly to raise, and go on raising, *the standard of living of those already at the top*—that is to say, the dominating owners of the means of production in that type of society, who are already plutocrats. Also while it does this, capitalism (or still more so, feudalism) maintains the standard of living of the masses at a fixed low level, which level may rise slightly but never much, and may also recede. In periods of capitalistic slump the recession of the standard of living of the masses may become serious.

Whereas Socialism is a type of economic system, whose basic aim and object are to raise, and go on raising, *the standard of living of the whole population* over the whole sphere in which it operates.

Moreover, past a certain point, the more advanced capitalism becomes, the more it tends as an economic system to fall

to pieces, on account of the serious, inherent defects in its operating mechanism. Invariably, when this begins to happen, the ruling class turns to internal suppression and external aggression in an effort to stave off the threat to its dominating position, which this breakdown in its system brings about.

Thus, parallel with the effort of Socialism to raise, and go on raising, the standard of living of the whole population existing within the orbit over which it operates, goes an opposite effort of capitalism to set off external war and internal suppression to try and eliminate, by these means, the threat that growing Socialism poses to its system and its ruling class.

This is the basic conflict operating in the world in which we are living today. It faces British and Western European people, and increasingly also Asian people, with the question which they must ask themselves: What action are we to take in these circumstances?

The answer is that, if the people of Britain, the other Western European countries, and also those of the Asian countries in which it applies, continue to remain tied militarily and economically to the US directly or through its allies, what almost certainly faces them is forcible immersion, and probably partial or total annihilation, in a Third World War—whatever the outcome of that War to others. Take Britain, as an instance. Two World Wars have brought Britain to its present pass. A Third is likely to wipe it right out. Wipe out that little island. Wipe out that perfect, little-island target—a perfect target in an A- and H-bomb War.

Just as the US stands for War because it is a country in an advanced state of capitalism, with war weapons increasing and standards of living decreasing—so the USSR and the Eastern European countries and China *are multiplying the wealth of their countries at a rate that has never been approached before.* And for what? *With the direct object of raising, and going on constantly raising, the living standards of the masses of their peoples.*

If what we therefore want is World War III and national annihilation, it is right for us to cleave to America. Britain, most Western European countries, and some countries of the Middle East and Asia, are at present tied to America. If national annihilation is their aim, they should continue on that path—even draw the bonds closer.

If, on the other hand, they too want to set out on the path of *multiplying their production at a hitherto unheard-of pace,* and this *for the purpose of raising, and constantly going on raising, the standards of living of the great masses of their peoples,* then clearly the US is the wrong ally. If this latter purpose is their object, they must ally themselves with the part of the world already going in that direction and making an outstanding success of the job. That sector of the world is the Socialist sector of the world, headed by the Soviet Union, and being followed by the Eastern European countries and China. We have seen what marvellous feats of economic welfare the masses in those countries—already over one-third of the earth's population—have achieved and are achieving for themselves.

Thus if a similar raising of the standards of living of the masses of the peoples in the so-called "Western-world" countries and alike in the countries of the East is what the masses in those countries also want, then they must sever the humiliating and degrading military and economic ties they have with the US and its allies, that is, with the capitalist sector of the world, and join up instead with the Socialist sector of the world.

Is that not now obvious?

"But that will be very difficult", some people may jump in and exclaim. "We are so fixed on the present lines, so sold to that policy, so tightly tied to America or America's allies, that we can no longer extricate ourselves."

So, according to this view, the patients (in this case, the peoples of those countries) must die, because the doctors have given up hope.

What is your opinion of *doctors* who give that advice? Doctors, we should say, who are drawing some nice tips on the sly from the US or its allies—traitor doctors who are selling us out?

They say they know that the disease is bad. But that we are so far gone, there is no hope for us. There is no other way out. It is too late. A change at this time would be too difficult.

Don't listen to those traitor doctors. They are not real doctors anyway. They are selling us out—for tips from the American billionaires and their pals.

Too late to make the change!

Too difficult anyway!

What bosh!

Those doctors are the first to need doctoring!

Certainly, as far as the British people are concerned, *the means for making the all-important switch is already in their hands. For they already have a Twenty-year Pact of Peace and Friendship with the USSR.* It was contracted in 1942. It still has eight years to run—even before it requires to be renewed for any further period the mutual parties to it like to arrange. But the facts are that the British Labour Government leadership after the war ignored the Pact and allowed it to lapse, while it grovelled for loans to monopoly-capitalist America. Of this stupid act, we can now see the result. But the Pact is still there. The signatures are still on it. To be got to operate, it merely needs to be taken out of store and *consciously re-animated by people who want to operate it.*[1]

Meanwhile, much more recently and on the other side of the world, another step has been taken to put intentions, similar to the original Pact ones, into actual and immediate operation between the two most highly populated countries of the world, also practising different economies. India and China have made a Treaty with one another, incorporating what have become known as the Five Principles of Peaceful Co-existence, which have already had the effect of drawing these two great countries closer together in friendliness. The Five Principles in this Treaty have, not merely an Asian, but a world, significance. For the guarantee of peaceful relations which they give between the peoples of two countries, covering such a large area of Asia and containing almost half the world's population, as is the case with these two countries, is a fact of world importance. While the Five Principles of Peaceful Co-existence themselves, subscribed to by these two countries operating different economies, are a demonstration to the other peoples of the world that countries, following different economies, can live amicably in the same world and

[1] That the Soviet Government will be content to watch the original basis and purpose of this Pact, disregarded by British Governments from November of 1945 onwards, being actively contravened, as it will be if Western Germany is allowed to rearm and brought into the Western World War Alliance, without considering the Pact's abrogation, is extremely unlikely.

rule out war between them.

Thus we see that Pacts of Peace and Friendship and Treaties of Peaceful Co-existence, between countries practising different economies, are most valuable *if they are positively operated*—that is, if they are really used to promote mutual peace and friendliness between the countries concerned, and if they serve as a bridge to help the peoples in the capitalist or feudalist or capitalist-feudalist countries to get to know something of the new type of astounding feats of welfare, which the people in the Socialist and Socialist-transition countries are accomplishing for themselves.

These remarkable accomplishments, which it is so necessary for us to know of and understand, are, as we have seen, the products of Socialism and transition-to-Socialism. If we, in other countries, set out as earnestly and determinedly as the former countries on the same transition-to-Socialism path, we shall be able to reap similar results for ourselves. And this transition will be all the easier for us, if we have close and friendly relations with the countries in the Socialist sphere of the world.

There are also other factors about the evolution of a transition-to-Socialism economy that it will be useful for us to have in mind. As this type of economy goes on constantly and rapidly increasing its country's total output, the consumable portions of which it also begins justly distributing amongst its whole population, the final result of this evolution, which will develop into full Socialism, must be that it will end by producing Abundance for All. Moreover since, in this type of society, there are no longer any in it who reap profits by war, while the great masses of its people grow constantly richer in productive peace, peace becomes the natural result of this type of economy. These facts enable us to realise that, when all the countries of the world have set out on the Socialist path, the consequent outcome of that condition will be Permanent World Peace. Thus the path of Socialism is the path to Peace and Abundance for All.

What is the alternative?

The world's history is crammed with examples. Feudalism everywhere provides fixed poverty for the masses with periodic famines. Advanced Capitalism produces periodic slumps and periodic world wars. World wars in the pre-atomic

age were bad enough. But a few more of these world wars, with A- and H-bombs used by both attackers and attacked, will end by annihilating all life in the world. That is what Capitalism in its most advanced form, if allowed to continue, will end by producing for us—the annihilation of life on this planet.

In short, Socialism, when fully operated, produces Abundance for All and Peace.

While Capitalism, in its advanced stages and the more it advances, produces increasing disparity of incomes, leading to bigger and bigger slumps and bigger world wars. With the A- and H-bombs, gas-bombs, disease-spreading bacteria-bombs and other "improvements", which it insists on constantly increasing, Capitalism will, if we don't put a stop to it, end by decimating all life on earth.

So two futures are offered to us.

One leads ultimately to Abundance for All and Permanent Peace.

The other leads ultimately to Great Riches and Poverty Side by Side and the End of All Life on Earth.

Is it difficult to choose between the two?

Except to the world's power-crazed plutocrats, their touts and dupes, and fools, the sane answer will be obvious.

Certainly to us, the answer must be daylight clear.

For we now have it in our power to usher in the era of Permanent Peace and Abundance for All, which has always been the dream of mankind.

Socialism is our instrument for achieving this result, and the transition to Socialism is our path to Socialism.

Hard may be the struggle in our journey to reach this aim, but the end is unquestionably worth it. For by starting on that journey determined to reach that end, we shall be setting out deliberately to transform what has always been the dream of mankind—this age-old, ideal dream of mankind—into the pulsating life and solid substance of reality.

APPENDIX I

SPEECH COMPOSED BY PRESIDENT ROOSEVELT TO BE DELIVERED ON JEFFERSON DAY, APRIL 13, 1945, THE DAY AFTER HIS DEATH

"Americans are gathered together this evening all over the country to pay tribute to the living memory of Thomas Jefferson—one of the greatest of all democrats; and I want to make it clear that I am spelling the word "democrats" with a small *d*.

"I wish I had the power, just for this evening, to be part of all these gatherings. . . .

"Today we have learned in the agony of war that great power involves great responsibility. Today we can no more escape the consequences of German and Japanese agression than could we avoid the consequences of attacks by the Barbary Corsairs a century and a half ago.

"We, as Americans, do not choose to deny our responsibility.

"Nor do we intend to abandon our determination that, within the lives of our children and our childrens' children, there will not be a third world war.

"We seek peace—enduring peace. More than an end to war, we want an end to the beginnings of all wars—yes, an end to this brutal, inhuman, and thoroughly impractical method of settling the differences between Governments.

"The once powerful, malignant Nazi State is crumbling. The Japanese warlords are receiving, in their own homeland, the retribution for which they asked when they started Pearl Harbour.

"But the mere conquest of our enemies is not enough.

"We must go on to do all in our power to conquer the doubts and the fears, the ignorance and the greed, which made this horror possible.

"Thomas Jefferson, himself a distinguished scientist, once spoke of "the brotherly spirit of Science, which unites into one family all its votaries of whatever grade, and however widely dispersed throughout the different quarters of the globe."

"Today, science has brought all the different quarters of the globe so close together that it is impossible to isolate them from one another.

"Today we are faced with the pre-eminent fact that, if civilisation is to survive, we must cultivate the science of human relationships—the ability of all peoples, of all kinds, to live together and work together, in the same world, at peace.

"Let me assure you that my hand is the steadier for the work that is to be done, that I move more firmly into the task, knowing that you—millions and millions of you—are joined with me in the resolve to make this work endure.

"The work, my friends, is peace. More than an end of this war—an end to the beginnings of all war. Yes, an end, forever, to this impractical, unrealistic settlement of the differences between Governments by mass killing of peoples.

"Today as we move against the terrible scourge of war—as we go forward toward the greatest contribution that any generation of human beings can make in this world—the contribution of lasting peace, I ask you to keep up your faith. I measure the sound, solid achievement that can be made at this time by the straight-edge of your own confidence and your resolve. And to you, and to all Americans who dedicate themselves with us to the making of an abiding peace, I say:

"The only limit to our realisations of tomorrow will be our doubts of today. Let us move forward with strong and

active faith."

APPENDIX II

PRICE REDUCTIONS CARRIED OUT IN THE U.S.S.R. AND THE EASTERN EUROPEAN COUNTRIES IN 1953

Figures from the UN *World Economic Report* 1952-53, p. 51

Commodity or Product	BULGARIA (August)	CZECHO-SLOVAKIA (September)	EASTERN GERMANY (October)	HUNGARY (September)	POLAND (November)	RUMANIA (September)	U.S.S.R. (April)
Bread	13%	—	—	12%—14%	7%—12%	—	10%
Flour	12%	20%	—	—	—	—	10%
Milk	9%	—	20%	—	—	—	—
Eggs	—	14%	—	—	—	—	10%
Sugar	—	14%	—	5%—10%	14%	10%—20%	10%
Meat	10%	—	10%	—	—	—	15%
Fats	10%	—	22%	—	—	—	—
Margarine	—	—	25%	—	—	—	—
Vegetable oils	10%	—	10%	—	—	—	10%
Fish, fresh & processed	10%	—	20%	20%—35%	5%—25%	—	10%
Potatoes & vegetables	—	14%	—	—	—	—	50%
Fruits & vegetables processed	8%—20%	—	—	9%—20%	15%—25%	—	10%
Tobacco & cigarettes	—	8%—25%	10%—13%	—	—	—	5%—10%
Soap	15%	11%	—	14%	10%	—	15%—20%
Woollen cloth	5%—10%	—	—	10%—25%	10%—20%	10%—70%	5%
Cotton cloth	10%	5%—30%	20%	10%—20%	—	10%—70%	15%
Silk cloth	10%	—	15%	15%—25%	15%—20%	10%—70%	15%
Knitwear	5%—10%	—	10%—15%	10%—30%	—	10%—70%	5%
Clothing	—	—	—	9%—30%	8%—15%	10%—70%	5%—20%
Shoes, leather	10%	25%	25%	15%—30%	—	20%—30%	8%—10%
Durable cansumers' goods	10%	10%—37%	10%—25%	6%—40%	10%—12%	15%—32%	5%—30%
Coal	—	—	—	—	10%	—	—
Building materials	—	10%—30%	—	20%—30%	10%—15%	20%—30%	10%—25%
Farm machinery	—	—	—	—	10%—40%	—	—
Tailoring, shoemaking & repairs	—	—	—	10%—15%	5%—10%	—	—

APPENDIX III

FOOT-NOTE TO INDIAN PEACE POLICY, PAGE 228

In the paragraph indicated, we commended India's refusal to be inveigled into the American orbit by that country's offers of enticing loans.

However, the recent setting up of the Industrial Credit and Investment Corporation of India Ltd. for the future capitalistic industrialisation of India, in which the main foreign investment will come from America, represents a dangerous slipping away from this attitude.

The Industrial Credit and Investment Corporation was finally set up about the same time as the "socialistic pattern of society" was declared to be the new Congress goal for India. On the other hand, the objects of the Industrial Credit and Investment Corporation are to put more of future economic India in the hands of capitalists, not only of Indian capitalists, but of foreign capitalists, mainly American capitalists.

It is difficult to see any "socialistic pattern" in this action. It is still more difficult to see how this will contribute to world peace. For if a Socialist society is India's ultimate goal, these industries set up under the Industrial Credit and Investment Corporation will be in capitalist hands (home and foreign), and ultimately have to be nationalised. When it comes to this point, what is then going to be the American big capitalist investors' attitude? This is one of the types of situation which the building up of their store of atom bombs is meant to deal with. How does this square with India's peace policy? It seems to square neither with India's "peace policy" nor with its "socialistic pattern." It conflicts with both.

Moreover, since the forming of the Industrial Credit and Investment Corporation and the announcement of the "socialistic pattern" for India took place about the same time, one may legitimately wonder whether the second (the socialistic

pattern) was given out to obscure from the Indian public the anti-Socialist nature of the first (the Industrial Credit and Investment Corporation), which will put the control of more of future economic India in the hands of capitalists, Indian and foreign (and, of the latter, mainly American). This comes from having capitalists powerfully represented in the Indian Cabinet and Government. Those who have the future welfare of India and the great Indian people at heart must ask themselves how the setting up of this new international capitalists' investment corporation in India is likely to forward Indian peace and the building up of a real Socialist society in India.

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